



CARIBBEAN DEVELOPMENT BANK  
ANNUAL REPORT

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Caribbean Development Bank

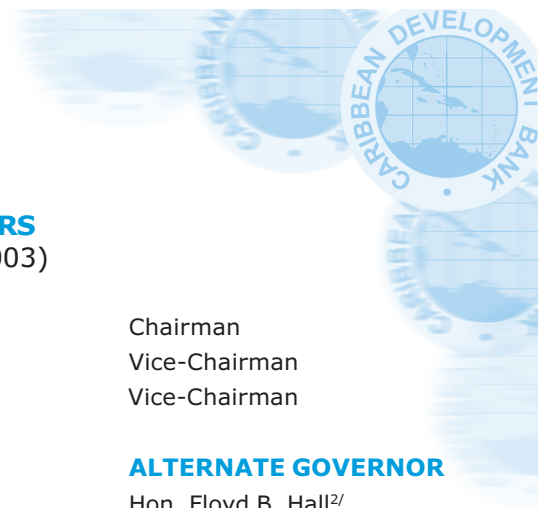
## Annual Report 2003

### **Mission Statement**

CDB intends to be the leading Caribbean development finance institution, working in an efficient, responsive and collaborative manner with our borrowing members, towards the systematic reduction of poverty in their countries through social and economic development.

## ABBREVIATIONS

APEC	- Audit and Post-Evaluation Committee	IMF	- International Monetary Fund
BMC	- Borrowing Member Country	MDGs	- Millennium Development Goals
bn	- billion	mn	- million
BNTF	- Basic Needs Trust Fund	MPS	- Management and Professional Staff
CARICOM	- Caribbean Community	MSE	- Micro and Small-scale Enterprises
CARTAC	- Caribbean Technical Assistance Agency	NGO	- Non-Governmental Organisation
CCJ	- Caribbean Court of Justice	OCR	- Ordinary Capital Resources
CDB	- Caribbean Development Bank	OECD	- Organization for Economic Cooperation & Development
CGCED	- Caribbean Group for Cooperation in Economic Development	OECS	- Organisation of Eastern Caribbean States
CIDA	- Canadian International Development Agency	OPEC	- Organisation of Petroleum Exporting Countries
CPA	- Country Poverty Assessment	OSDF	- Other Special Development Funds
CRNM	- Caribbean Regional Negotiating Machinery	OSFR	- Other Special Funds Resources
CSME	- CARICOM Single Market and Economy	PANCAP	- Pan-Caribbean Partnership Against HIV/AIDS
CTCS	- Caribbean Technological Consultancy Services Network	PRAPs	- Poverty Reduction Action Plans
DFID	- Department for International Development	PRS	- Poverty Reduction Strategy
DMFC	- Disaster Mitigation Facility for the Caribbean	SARS	- Severe Acute Respiratory Syndrome
DPPWG	- Development Partners Poverty Working Group	SDF	- Special Development Fund
ECCB	- Eastern Caribbean Central Bank	SDF(U)	- Special Development Fund (Unified)
EU	- European Union	SFR	- Special Funds Resources
FATF	- Financial Action Task Force	SS	- Support Staff
FTAA	- Free Trade Area of the Americas	TA	- Technical Assistance
FY	- Financial Year	US	- United States of America
GDP	- Gross Domestic Product	USAID	- United States Agency for International Development
IDB	- Inter-American Development Bank	WTO	- World Trade Organization
IFAD	- International Fund for Agricultural Development		



**BOARD OF GOVERNORS**  
(As of December 31, 2003)

Hon. Camille R. Robinson-Regis  
Mr. Hilary Benn, M.P.  
Dr. Alberto Carrasquilla

Trinidad and Tobago  
United Kingdom  
Colombia

Chairman  
Vice-Chairman  
Vice-Chairman

**COUNTRY**

Anguilla, British Virgin )  
Islands, Cayman Islands, )  
Montserrat and Turks )  
and Caicos Islands )

**GOVERNOR**

Hon. John Osborne<sup>1/</sup>  
Chief Minister and Minister  
of Finance  
Montserrat

**ALTERNATE GOVERNOR**

Hon. Floyd B. Hall<sup>2/</sup>  
Minister of Finance and  
National Insurance  
Turks & Caicos Islands

Antigua and Barbuda

Hon. Robin Yearwood<sup>3/</sup>  
Deputy Prime Minister and  
Minister of Finance

Senator the Hon. Asot  
Michael  
Minister of State, Ministry of  
Finance

The Bahamas

Hon. James H. Smith, CBE  
Minister of State  
Ministry of Finance

Hon. Leslie O. Miller, M.P.  
Minister of Trade and Industry

Barbados

Rt. Hon. Owen S. Arthur<sup>4/</sup>  
Prime Minister and Minister of  
Finance and Economic Affairs

Mr. Grantley Smith  
Director of Finance and  
Economic Affairs

Belize

Hon. Ralph Fonseca  
Minister of Finance  
and Home Affairs

Mr. Sydney Campbell<sup>5/</sup>  
Deputy Governor  
Central Bank of Belize

Canada

Hon. Bill Graham<sup>6/</sup>  
Minister of Foreign Affairs  
Department of Foreign Affairs  
and International Trade

Mr. Bruce Montador  
Associate Vice-President  
Multilateral Programmes  
Branch, Canadian International  
Development Agency

Colombia

Dr. Alberto Carrasquilla<sup>7/</sup>  
Minister of Finance and  
Public Credit

Mr. Miguel Urrutia  
Governor  
Banco de la Republica

1/ Succeeded Hon. Ralph T. O'Neal on July 4  
2/ Appointed August 21  
3/ Succeeded Hon. Lester Bird on June 26  
4/ Succeeded Hon. Reginald Farley on May 22  
5/ Succeeded Mr. Joseph Waight on March 25  
6/ Succeeded Hon. John Manley January 30  
7/ Succeeded Dr. Roberto Junguito Bonnet on June 11

<b>COUNTRY</b>	<b>GOVERNOR</b>	<b>ALTERNATE GOVERNOR</b>
Dominica	Hon. Pierre Charles Prime Minister and Minister for Finance and Planning	Mr. Ambrose M.J. Sylvester Financial Secretary
Germany	Dr. Uschi Eid Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development	Dr. Rolf Wenzel Deputy Director General Federal Ministry of Finance
Grenada	Hon. Anthony Boatswain Minister of Finance, Trade and Planning	Mr. Timothy Antoine Permanent Secretary Ministry of Finance
Guyana	H.E. Mr. Bharrat Jagdeo President	Hon. Saisnarine Kowlessar Minister of Finance
Italy	Hon. Giulio Tremonti Minister of the Economy and Finance	Dr. Lorenzo Bini Smaghi Director for International Financial Relations Ministry of the Economy and Finance
Jamaica	Dr. the Hon. Omar Davies Minister of Finance and Planning	Dr. Wesley Hughes Director General Planning Institute of Jamaica
Mexico	Mr. Francisco Gil Díaz Secretary of Finance and Public Credit	Mr. Alonso Garcia Tamés <sup>8/</sup> Under-Secretary of Finance and Public Credit
People's Republic of China	Mr. Zhou Xiaochuan <sup>9/</sup> Governor People's Bank of China	Mr. Li Ruogu Vice-Governor People's Bank of China
St. Kitts and Nevis	Dr. the Hon. Denzil Douglas Prime Minister and Minister of Finance	Hon. Vance Amory Premier and Minister of Finance, Nevis Island Administration

8/ Succeeded Dr. Augustin Carstens Carstens in September.  
9/ Succeeded Mr. Dai Xianglong on January 28, 2003

**COUNTRY****GOVERNOR****ALTERNATE GOVERNOR**

St. Lucia

Dr. the Hon. Kenny D. Anthony  
Prime Minister and Minister for  
Finance, Economic Affairs and  
Information

Mr. Trevor Brathwaite<sup>10/</sup>  
Permanent Secretary  
Ministry of Finance, International  
Financial Services and Economic  
Affairs

St. Vincent and  
the Grenadines

Dr. the Hon. Ralph Gonsalves  
Prime Minister and Minister of  
Finance

Hon. Louis Straker  
Deputy Prime Minister and Minister of  
Foreign Affairs, Commerce and Trade

Trinidad and Tobago

Hon. Camille R. Robinson-Regis<sup>11/</sup>  
Minister of Planning and  
Development

Mr. Ewart Williams  
Governor  
Central Bank of Trinidad and Tobago

United Kingdom

Mr. Hilary Benn, M.P.<sup>12/</sup>  
Secretary of State for  
International Development,  
Department for International  
Development

Mr. Gareth Thomas, M.P.<sup>13/</sup>  
Parliamentary Under-Secretary of State  
for International Development  
Department for International  
Development

Venezuela

Mr. Nelson Merentes D.<sup>14/</sup>  
President  
Venezuelan Economic and  
Social Development Bank

Ambassador Oscar Hernández B.<sup>15/</sup>  
Director-General for International  
Economy and Cooperation  
Ministry of Foreign Affairs

10/ Succeeded Dr. Bernard La Corbiniere on February 10

11/ Succeeded Dr. The Hon. Keith Rowley on December 4

12/ Succeeded Rt. Hon. Baroness Valerie Amos on October

13/ Succeeded Ms. Sally Keeble, M.P., on June 24

14/ Succeeded Mr. Jorge Giordani on May 12

15/ Succeeded Ambassador Hernani Escobar on May 12

## BOARD OF DIRECTORS AND VOTING GROUPS

(As of December 31, 2003)

**Chairman: Dr. Compton Bourne**  
**President**

<b>DIRECTOR</b>	<b>ALTERNATE DIRECTOR</b>	<b>COUNTRY OR GROUP OF COUNTRIES</b>
<b>Regional</b>		
Mrs. Leila May Palmer	Mr. Locksley Smith	Jamaica
Mrs. Victoria Mendez-Charles	Mr. Leroy Mayers	Trinidad and Tobago
Mrs. Ruth Millar	Mr. George Rodgers	The Bahamas
Mr. Alberto de Brigard	Mr. Adolfo Meisel	Colombia
Mrs. Vanessa Rubio Marques <sup>1</sup>	Ms. Paola González Vargas <sup>2</sup>	Mexico
Mrs. Heidi González	Mr. Alfredo Michelena	Venezuela
Amb. Havelock Brewster	Mr. Clyde Roopchand	Guyana
Mr. Andrew Cox	Mr. Eric Brathwaite	Barbados
Hon. George McCarthy	Mrs. Nancy Namis	Belize and Anguilla, British Virgin Islands, Cayman Islands, Montserrat and the Turks and Caicos Islands
Mr. Whitfield Harris, Jr.	Mr. Wendell Lawrence	Antigua and Barbuda and St. Kitts and Nevis
Mr. Isaac Anthony	Mr. Ambrose Sylvester	Dominica and St. Lucia
Mr. Timothy Antoine	Mr. Maurice Edwards	Grenada and St. Vincent and the Grenadines
<b>Non-Regional</b>		
Ms. Joanne Goulet	Mr. William Anderson	Canada
Ms. Joanne Alston	Mr. Paul Mullard <sup>3</sup>	United Kingdom
Mr. Alessandro Legrottaglie	Ms. Susan Battles <sup>4</sup>	Italy
Mrs. Kirsten Garaycochea	Ms. Kerstin Imbusch	Germany
Mr. He Jianxiong	Mr. Li Zhijun	People's Republic of China

1/ Succeeded Mr. José Barona in August

2/ Appointed in October

3/ Succeeded Mr. Andrew Hall on September 24

4/ Appointed on July 19



## PRINCIPAL OFFICERS OF CDB

(As of December 31, 2003)

### Office of the President

President  
Deputy Director, Evaluation and Oversight

Dr. Compton Bourne\*  
Miss Anne Bramble

### Finance

Vice-President  
Director, Finance and Corporate Planning  
Deputy Director, Finance  
Deputy Director, Corporate Planning

Mr. Neville Grainger\*\*  
Dr. Warren Smith\*\*  
Mr. Dennis Smellie  
Mr. Adrian Debique

### Operations

Vice-President  
Director, Economics and Programming  
Director, Projects  
Division Chief, Project Financing  
Division Chief, Project Supervision  
Division Chief, Private Sector Development

Mr. P. Desmond Brunton\*\*  
Mr. Alan Slusher\*\*  
Mr. Carlson Gough\*\*  
Mrs. Yvonne Moses-Grant  
Mrs. Tessa Williams-Robertson  
Mr. Anthony Maughn

### Corporate Services

Deputy Director, Information and  
Technology Management Services

Mrs. Kathleen Gordon

Deputy Director, Human Resources  
and Administration

Miss Jennifer Courtenay

### Legal

General Counsel  
Deputy General Counsel

Mr. Douglas Leys  
Mrs. Yvette Lemonias-Seale

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\* Chairman, Senior Management Group

\*\* Members, Senior Management Group





CDB President, Dr. Compton Bourne, meeting  
with Chairman of the Board of Governors,  
the Hon. Camille Robinson-Regis, in Port-of-Spain, Trinidad.



Wilkey, St. Michael  
Barbados, West Indies

March 3, 2004

My Dear Chairman:

I enclose the Annual Report of the Caribbean Development Bank (CDB) for the year ended December 31, 2003, which the Board of Directors, acting pursuant to Paragraph 2 of Article 38 of the Agreement establishing the Bank and in accordance with Section 18 of the By-Laws of the Bank, has requested me to submit to the Board of Governors.

Yours sincerely,

Compton Bourne, Ph.D., O.E.  
President

The Hon. Camille Robinson-Regis  
Chairman  
Board of Governors  
Caribbean Development Bank

## CDB – FIVE YEARS AT A GLANCE

Item	1999	2000	2001 No.	2002	2003
<b>APPROVALS</b>					
No. of Capital Projects (New)					
Approved for Loan Financing	16	28	20	16	20
Of which OCR involved in	14	20	8	11	19
No. of Additional, Technical Assistance					
Contingent Loans and Equity	3	6	9	17	4
Loans Approved for Capital Projects (New, Additional and Contingent and Equity)	160.3	182.5	<b>\$ mn</b> 106.0	122.1	192.5
Of which OCR accounted for	119.9	131.1	57.5	89.3	149.4
Loans (Net) Approved for Capital Projects (New, Additional and Contingent)	146.6	180.3	84.3	106.3	184.7
Amount Approved for Grants	5.7	4.6	34.9	6.8	5.0
<b>LOAN DISBURSEMENTS<sup>1/</sup></b>					
Amount Disbursed in OCR and VTF	79.8	67.0	<b>\$ mn</b> 62.0	74.0	79.7
Amount Disbursed in SFR	23.9	27.2	41.8	45.0	36.8
<b>Total Disbursed</b>	<b>103.7</b>	<b>94.2</b>	<b>103.8</b>	<b>119.0</b>	<b>116.5</b>
Net Transfers	(44.0)	(28.0)	25.5	25.8	32.2
<b>PORTFOLIO</b>					
OCR Loans Outstanding	344.2	387.3	<b>\$ mn</b> 423.3	463.0	513.0
VTF Loans Outstanding	0.1	-	-	-	-
SFR Loans Outstanding	324.1	329.2	348.8	370.4	392.3
<b>Total Loans Outstanding</b>	<b>668.4</b>	<b>716.5</b>	<b>772.1</b>	<b>833.4</b>	<b>905.3</b>
<b>FINANCIAL PERFORMANCE</b>					
Net Income on OCR <sup>2/</sup>	13.5	15.4	<b>\$ mn</b> 12.8	27.2	21.9
Net Income on SFR <sup>2/</sup>	2.5	10.5	8.4	5.6	4.7
<b>Total Net Income</b>	<b>16.0</b>	<b>25.9</b>	<b>21.2</b>	<b>32.8</b>	<b>26.6</b>
<b>SUPERVISION</b>					
	<b>No.</b>				
Capital Projects Under Supervision	263	265	256	271	285
Capital Projects Under Implementation	94	107	112	123	124
Capital Projects Operational	169	158	144	148	161
Financial Intermediaries	23	24	23	25	22
<b>ADMINISTRATION</b>					
Total Staff in Place at December 31 (No.)	209	210	209	199 <sup>3/</sup>	198 <sup>3/</sup>
Total Administrative Expenses (\$ mn)	15.1	16.7	17.5	17.5	18.6
Administrative Expenses to Total Average Loans Outstanding (%)	4.5	2.4	2.4	2.2	2.2

<sup>1/</sup>Translated at rates effective at December 31 of each year.

<sup>2/</sup>Shown at historical exchange rates and before appropriations.

<sup>3/</sup>Excludes five frozen positions.



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## Part I

# The Caribbean Economies in 2003

### INTERNATIONAL DEVELOPMENTS

There was some improvement in the level of economic activity in the Caribbean Region during 2003, under the influence of a more favourable global environment, following the uncertainty caused by the Iraq war and the outbreak of Severe Acute Respiratory Syndrome (SARS). With the official end of major combat and the containment of SARS, the global economy finally responded to the ongoing effort at monetary stimulus. Further expansionary influence came from public spending in the US, and by coalition partners on military and rehabilitation operations, and from a return of business and consumer confidence, all of which contributed to a rise in aggregate demand. The economic expansion and low inflation followed previously sluggish economic growth, and were facilitated by ample liquidity and low levels of interest rates.

High levels of public spending contributed to a widening of fiscal and external imbalances on both sides of the Atlantic, prompting concerns about the sustainability of global growth, particularly given the substantial depreciation of the US dollar against the Euro. Fiscal deficits in France and Germany exceeded the 3% limit stipulated in the European Union's Stability and Growth Pact, and prompted a threat of regulatory action to encourage a return to fiscal discipline. In contrast, fiscal policy action in emerging markets and in developing countries took the form of consolidation and improvement in the management of the public finances. This followed a deterioration caused by a counter-cyclical stance during the global downturn at the start of the century. The main economic transmission mechanisms from the global economy to the Caribbean were tourism and remittances, with increased oil prices, increased activity in financial services, and construction also contributing to the upturn.

Commodity prices generally increased in 2003. Most notable was the rise in crude oil prices, which

mainly reflected colder than normal weather, stockpiling ahead of the war, and lower supplies out of Venezuela, Nigeria and Iraq. Following the end of major combat, oil prices started to decline, but difficulties in returning oil to the market and speculative buying caused prices to rise in the third quarter. This was exacerbated by a cutback in OPEC prices in September. As a result, at the end of November, the average oil prices, based on the OPEC reference basket, rose to \$28.10 per barrel, up from \$24.36 in 2002. Non-oil commodity prices also increased during the year, and were largely associated with cutbacks in supply and low inventory levels. The preferential prices for sugar and bananas were also likely affected by the appreciation of the Euro, rising by approximately 8.7% and 4.1%, respectively.

These global developments had some influence on the performance of economies in the Caribbean, where the Borrowing Member Countries (BMCs) of the Caribbean Development Bank are located.

### REGIONAL DEVELOPMENTS

Caribbean economies continued to recover in 2003, with the Region as a whole showing a pick-up in activity on the strength of the upturn in the global economy. Trinidad and Tobago, Grenada, Belize and Anguilla recorded the highest growth rates, rising in excess of 4%. Growth in most countries, however, ranged from 1% to 2%, while output in Dominica, though improving, grew marginally, between 0 and 1%, and economic activity in Guyana contracted. Regional performance was underpinned by improvements in tourism, oil in the case of Trinidad and Tobago, and to a lesser extent, construction and financial services, as manufacturing and agriculture declined.

The main challenges to the Region came from the external environment, namely the war in Iraq, SARS, and OECD/FATF (Financial Action Task Force) initiatives. Some countries provided monetary stimuli by maintaining key policy rates at already low levels or reducing rates during the year. Nevertheless, the pick-up contributed to a rise in revenue collections, which coupled with expenditure restraint especially on public sector investment, led to an overall improvement in public finances. Regional inflation, despite some increases linked to higher oil prices was relatively stable and exchange rates showed little movement, with the ex-

ception of Jamaica, which experienced some volatility in the first five months of 2003.

## Tourism

Despite concerns about personal safety arising from the US-led war in Iraq and the SARS outbreak in the early months of the year, regional tourism still increased in 2003. The industry benefited from the pick-up in the global activity as geopolitical tensions subsided, as well as from the perception of the Caribbean as a safe destination. The appreciation of the Euro, which made travel to the Caribbean relatively less expensive, and increased air-lift from major markets also contributed to the improvement. The main sources of growth during the year were from the European and US markets, as the performance of the Canadian market was mixed. Available statistics for 16 of CDB's BMCs showed an increase in the number of visitors. Those countries recording growth in stay-over arrivals were Anguilla, Antigua and Barbuda, The Bahamas, Barbados, British Virgin Islands, Belize, Dominica, Grenada, Guyana, Jamaica, St. Lucia, Trinidad and Tobago and the Turks and Caicos, while the Cayman Islands, Montserrat and St. Vincent and the Grenadines, registered declines.

The European market performed particularly well during the year with 9 of the 12 countries for which market decomposition was available, showing improvement. The US market also continued its recovery with 7 of the 12 countries exhibiting increases. This outcome was aided in part by the high costs associated with holidaying in Europe for items such as car rentals, local transportation, restaurants, nightlife and sight-seeing. With respect to the Canadian market, arrivals were mixed, with an equal number recording decreases and improvements. Cruise tourism also performed creditably with 10 of the 12 countries for which data was available registering increases due to a greater number of cruiseship calls.

One of the issues presently confronting regional tourism is the proposed imposition of a \$20.00\* levy on cruise tickets, the proceeds of which will go towards the formation of a Regional Sustainable Tourism Development Fund. The fund will be used to finance tourism development in the Region, supporting programmes such as marketing,

product development, tourism education and training, and research and information. The head-tax, proposed by Caribbean tourism ministers has met with resistance from other regional ministers not in agreement with the levy and from cruise lines.

Critics of the tax have argued that such an arrangement may compromise bilateral arrangements countries have with cruise lines, and reduce competitiveness of the Region's product. Concerns have also been raised about the likelihood that the tax could impinge on countries' ability to conduct fiscal policy, particularly during economic downturns when resources may need to be reallocated. At this point, the proposal is still being discussed, with no firm decision having been taken on the tax.

## Agriculture

The contribution of Regional agriculture to GDP has been declining over the years, mainly reflecting diseconomies of scale and the attendant problems with competitiveness, as well as increasing unwillingness on the part of developed countries to support preferential arrangements in an era of trade liberalisation. Regional agricultural production is estimated to have declined in 2003, reflecting lower output in all of the Region's sugar producing countries. Output for six of the English-speaking Caribbean's main sugar producers is estimated at 0.7 mn tonnes, approximately 12.0% below last year's level<sup>1</sup>.

In Jamaica output was adversely affected by heavy flooding in 2002 and a delay in replanting the 2002 crop, while in Guyana and the OECS, drought-like conditions constrained production. Barbados was also affected by adverse weather conditions, and this, coupled with a decline in the acreage under cultivation contributed to lower output. The long-term viability of the industry will depend, however, on the ability of the Region to make long-term marketing and restructuring plans. In this regard, the Sugar Association of the Caribbean has cited the WTO negotiations, the challenge to the EU's sugar policy by Brazil, Australia and Thailand, and the Everything But Arms initiative as some of the main obstacles confronting the industry.

Production of bananas, the Region's other main crop was also down in 2003 on account of adverse weather conditions. Output declined in all of the banana-producing countries in the OECS and was

<sup>1</sup> Jamaica, Barbados, Belize, Trinidad and Tobago, Guyana and St. Kitts and Nevis.

estimated at 67,302 tonnes, down 31.9% in 2002. The fall in production also negated positive price effects and led to a 27.5% reduction in revenue. Similarly, output of the commodity contracted in Jamaica over the same period, falling by 4.3% to 36,216 tonnes. Conversely, output rose in Belize owing to successful replanting efforts and improved field drainage and irrigation, which increased both production and efficiency. Production for the year was estimated at 79,331 tonnes up from 47,341 tonnes in 2002.

Production of other agricultural commodities was uneven, as output of land-based agriculture contracted, while the fisheries sub-sector turned in a mixed performance. In St. Lucia, other agricultural output fell by an estimated 8% owing to a decrease in other agricultural crops, livestock and forestry products, while in Belize, citrus production was adversely affected by hurricane damage in 2001 and flooding in 2002. In Grenada nutmeg production was adversely affected by increased supply on the world market due to the entrance of India, and in Barbados, chicken and milk production contracted by 1.3% and 2.9%, respectively for the first nine months of 2003. The crop sub-sector in St. Kitts and Nevis grew by 7% on account of higher production of carrots, peanuts, yams and white potatoes, while in Jamaica, production of crops for domestic consumption such as vegetables, legume, fruits and ground provision rose in 2003.

With regard to fisheries, in the Turks and Caicos, conch production rose but lobster output declined owing to over fishing and poaching from foreign vessels. Lobster production also declined in Belize but farmed shrimp more than quintupled. Fish production is estimated to have risen by 3.7% in St. Lucia, and by 9.5% in Barbados for the first nine months of the year.

### **Mining and Energy**

Mineral production is estimated to have increased in 2003. In Trinidad and Tobago, real value-added in the energy sector rose by 9.5% due to higher output of crude petroleum output (6.1%) and Liquefied Natural Gas. The growth in crude oil output was supported by rising prices, as this encouraged some producers to launch new drilling campaigns. Natural gas production in Trinidad and Tobago benefited from the expansion of the Atlantic LNG facility, with the coming on-stream of trains 2 and 3. In Guyana, available information

for the first nine months indicated a 7.6% rise in bauxite production, and a 37.3% decrease in gold output, due to lower yields from mines approaching expiration. In Jamaica, despite a 0.8% decline in bauxite production over January to November, output of alumina rose by 5.4%.

### **Construction**

Construction activity in the Region increased in 2003, although at a slower pace than in 2002 in some countries. In Jamaica, increased output of construction reflected rises in the residential sub-sector and greater roadwork activity, while in Barbados, residential and tourism-related projects were the main engines of growth. Most of the OECS countries also showed improvement compared to 2002, due to higher levels of public sector infrastructure investment and tourism and residential expenditures. In Guyana winding down of major projects and slower implementation of others retarded output during the year.

### **Manufacturing**

Regional manufacturing has suffered from a lack of competitiveness on account of relatively high production and labour costs, and exacerbated by commitments to liberalise domestic markets. This year appears to have followed the trend, with most countries exhibiting decreases or slowing growth compared to 2002. In Barbados, despite the success of the Buy Local campaign, which helped to raise output in the food and beverages sub-sector, manufacturing activity slowed in 2003, owing to falls in chemicals and non-metallic mineral products. In the OECS, heightened competition contributed to a decline in output, while in Jamaica, greater production of beverages aided by the completion of a new drink manufacturing plant, could not compensate for decreases in other sub-sectors. Trinidad and Tobago, however, registered notable growth during the year on the basis of greater regional demand due to improved economic performance.

### **Inflation**

Although the rising price of oil, particularly in the first quarter exerted some pressure on prices, inflation remained relatively stable in 2003, with only moderate price increases being recorded. Categories exhibiting the most significant rises were food, fuel and light, and transportation. The larg-

est increases in inflation rates were recorded for Anguilla and Jamaica, where prices were boosted in part by rises in telephone rates in the case of Anguilla and budgetary measures as well as depreciation in Jamaica. Slower rates were recorded for Trinidad and Tobago, Grenada and St. Lucia, while Montserrat and Dominica registered declines, on account of low domestic demand.

### International Business Sector

Activity in the Region's international business sector slowed in 2003, due to a falloff in registrations. Uncertainty about the global environment as well as countries' attempts to improve the regulatory framework may have influenced this outcome. During the year, the Region continued to enhance the regulatory environment by passing several new pieces of legislation and amendments to existing laws. The most notable of these was the immobilisation of bearer shares, and regulations to more easily identify the directors and owners of offshore companies.

Owing to the regulatory and supervisory improvements made since June 2000, Grenada and St. Vincent and the Grenadines were removed from the Financial Action Task Force's list of non-cooperative jurisdictions in the fight against money laundering. Consequently, the most recent list of non-cooperative jurisdictions contained no Caribbean countries. Despite the strides made by regional jurisdictions to enhance regulation within the sector, a number of challenges still confront the sector. These include but are not limited to the EU's savings directive, which asks countries to impose either a withholding tax or agree to the exchange of information, and more recently the FATF's revised list of 40 recommendations for anti-money laundering standards. The recommendations cover laws governing money laundering, measures to be taken by regulators as well as financial and non-financial institutions to prevent money laundering and terrorist financing, and international co-operation.

During the year, the US intensified its efforts against tax sheltering arrangements by issuing new registration and maintenance rules for financial service providers and enacting new reporting requirements to the Internal Revenue Service (IRS). Under these regulations, businesses and individuals are required to report to the IRS any tax reduction services and products offered which may

be considered by the IRS to be abusive tax shelters.

### Monetary Developments

Regional financial sectors were characterised by rising liquidity stemming from sluggish credit growth, as well as falling interest rates and demand pressures in the foreign exchange market. Monetary policy remained mostly accommodative, with some countries keeping key policy rates unchanged from last year's lows while others further relaxed their stance.

In Trinidad and Tobago, the Central Bank, prompted by the poor outturn of the non-energy sector, slow credit growth, rising liquidity and low inflation, lowered its indicative repo rate from 5.25% to 5% and its discount and special deposit rates by 25 basis points to 7% and 3%, respectively. The cash reserve requirement was also reduced from 18% to 14%. The most prevalent feature of the Jamaica financial system in 2003 was the rapid slide of its dollar, which took place in the first five months of the year. The depreciation was caused mainly by high Jamaica dollar liquidity and speculative attacks owing to a decline in investor confidence. The slide was eventually halted by a series of interventions, which included changes to the Bank's overdraft rate, the issuance of a Government instrument that provided a strong hedge against exchange rate slippage, and increasing the supply of foreign exchange as the market warranted. Consequently, following the 21.7% depreciation over January to May, the currency appreciated slightly in June to end the half-year at J\$59.11 and stabilised for the remainder of the year to end at J\$ 60.4 per US\$1.

The financial systems in Barbados, the OECS and The Bahamas were also characterised by high degrees of liquidity reflecting sluggish credit growth. In Barbados, however, this was compounded by the Government's sale of shares in a commercial bank, which were then deposited in the banking system. In The Bahamas, the continued use of policy constraints on commercial banks' domestic currency lending, plus the proceeds from foreign currency borrowing and increased tourism earnings, particularly in the first half contributed to the build-up of liquidity. In response to the credit controls, the weighted average loan rate rose but that on deposits declined.

The financial landscape of Regional economies underwent some changes in 2003, with a number



of mergers and acquisitions occurring between major market players. These included the merger between two heritage commercial banks to form an international bank, and the acquisition of controlling interest in national banks by regional banks.

## Fiscal Developments

Following the counter-cyclical expenditure policies adopted in 2002, regional governments tried to curtail spending in 2003, particularly on capital development. These efforts, amidst rising revenues led to improvements in the overall balances of Central Government finances. Of particular interest, is Dominica, which entered into a Stand-by Arrangement with the IMF in 2002. This, however, constituted only the first stage of reforms, which have been relatively successful with Dominica meeting quantitative performance criteria and structural benchmarks. During the year, Dominica successfully negotiated a Poverty Reduction and Growth Facility (PRGF), which is a medium-term framework that will represent the second phase of reforms.

In 2003, the IMF and the World Bank also supported additional debt restructuring of \$334 mn in debt relief for Guyana under the Highly Indebted Poor Countries (HIPC) Initiative. Additionally, work continued on the formulation of a Structural Adjustment Technical Assistance Programme (SATAP) for the OECS countries of St. Vincent and the Grenadines, Grenada, St. Lucia and Antigua and Barbuda. In January 2003, St. Kitts and Nevis embarked on this programme, which included revenue-enhancing measures, improved fiscal management to control both current and capital expenditures and structural measures to improve efficiency in public management.

During the year, Belize, The Bahamas and Cayman Islands, took advantage of prevailing low cost of capital to refinance existing debt, by placing bond issues on the international capital market. In April, the Cayman Islands floated a \$165 mn bond (15 years maturity and 5.4% interest rate) in effect clearing all of Central Government outstanding debt, and reducing the debt service to revenue ratio from just under 10% to 6%. On June 5, Belize issued a \$100 mn fixed rate bond on the capital market, which will be used to refinance existing external public sector debt. With this transaction, it is expected that more than 80% of Belize's external public sector debt will have an average life of over nine years.

In the third quarter, The Bahamas floated a \$200 mn bond on the international capital market. The issue offered investors a coupon rate of 6.625% and was fully subscribed. Of this amount, \$125 mn will be used to pay off short-term foreign currency debts with commercial banks while the remainder will finance its capital development programme. Grenada also raised \$40 mn (at 5.5% and 6%) from the issuance of 360-day treasury bills on the Regional Government Securities Market, and \$7 mn from the issuance of the second review of a 10-year Trinidad and Tobago bond.

## Prospects

The outlook for the Region in 2004 is positive, barring further geopolitical tensions or other external shocks. Prospects for the global economy in 2004 are for a pick-up in growth, based on greater consumer and business confidence, and this should prove beneficial to the Region. As a result, tourism will likely continue to play a vital role in the economic fortunes of BMCs supported by financial services, and possibly construction. In addition to improvements in the global economy, regional tourism should continue to benefit from its perception as a relatively safe destination, improved/intensified marketing efforts by individual countries and the English cricket tour of the Caribbean.

An acceleration in economic activity could also translate into a pick-up in financial sector activity, which has been sluggish in recent years and lead to improvements in the external position and government revenues. The effect on government savings and the overall fiscal position will depend on the extent to which governments can control expenditures and improve revenue collections. Downside risks to global and consequently, regional growth stem mainly from rising oil prices, which could constrain global output. These prices, which were relatively volatile in 2003, could rise in 2004 amidst lower inventory levels, delays in the recovery of Iraq's oil supplies and difficulties with alternative sources of energy, namely Japan's nuclear power sector and the natural gas sector in the US.

## CARICOM ECONOMIC COOPERATION AND INTEGRATION

### Economic Cooperation

Regional cooperation in 2003 not only focussed

on deepening the process of economic integration, it also placed importance on health, in recognition of the critical link between these issues and economic development.

On February 14-15, the Heads of Government held their 14<sup>th</sup> Inter-Sessional meeting in Trinidad and Tobago. High on the agenda were efforts to revive the regional economy given rising fiscal deficits, and the failure of some countries to achieve positive growth in 2002. In addition, there was the expectation that rising oil prices and impending war with Iraq would constrain output in 2003. It was against this backdrop that a regional stabilisation fund was discussed. The fund as proposed would be established with an initial capital base of \$50 mn in the first year growing to \$180 mn in five years, and would assist countries in financing short-term needs. Although member states have committed in principle to the establishment of the fund, technical arrangements pertaining to financing and the management structure still need to be finalised. Regional economic transformation however, which has a longer scope, is viewed as essential to reducing the Region's vulnerability to shocks. Regarding the financing of this process, a technical team headed by the President of CDB noted that there was \$2 bn in undisbursed resources, but due mainly to operational constraints and failure to meet fiscal targets, these resources were unutilised.

On November 13-14 the Region held its ninth Special Heads of Government Meeting in St. Lucia, and received reports from technical sub-groups charged with determining options for governance in the Community. The reports addressed strengthening the capacity of the region to implement decisions, possibly through the establishment of a CARICOM commission or executive group. They also looked at developing processes to strengthen the Assembly of Caribbean Community Parliamentarians (ACCP) and the use of automatic resource transfers for the financing of community Institutions. It is significant that the Agreement establishing the Caribbean Accreditation Authority for Education in Medicine and other Health Professions was also signed at the meeting. The Authority will be responsible for the maintenance of standards and attaining international recognition for programmes.

On September 22<sup>nd</sup> the Caribbean Commission on Health and Development (CCHD) was launched. The Commission, chaired by Sir George Alleyne,

comprises representatives from academia, the OECS Secretariat, the IDB, the Caribbean Epidemiology Centre (CAREC), Sir Dwight Venner, Governor of the ECCB and Dr. Bourne, President of CDB. The Commission evolved out of the 2001 Nassau Declaration on Health and is responsible for formulating guidelines to increase investment in health.

The Pan-Caribbean Partnership against HIV/AIDS held its third Annual General Meeting in Guyana from November 12-13. The Partnership has as its overarching goal, stemming the spread of HIV/AIDS and reducing the impact of AIDS on the people and economy of the region. Achievements during the year included public awareness efforts through the publication of newsletters and the collaboration with UNAIDS, PAHO/WHO and the William Jefferson Clinton Foundation on Anti-Retroviral Drugs.

In other news, in December, CARICOM along with representatives from Mexico, Cuba and the Dominican Republic, held discussions with the Director General of the WTO Dr. Supachi Panitchpakdi. CARICOM stressed those areas it deemed to be important, namely building trade capacity, special and differential treatment for small economies, agreement on modalities for consensus, adoption of a multilateral framework and technical and financial support. This meeting with CARICOM and the other countries was one of several meetings the Director General held with a number of regions to garner support for the WTO agenda, following the breakdown of discussions in Cancun.

CARICOM conducted a five-day mission to India, exploring areas in which it may be able to assist the Region. CARICOM held discussions with the private and public sectors and identified at least two areas in which India could provide assistance. These were in the provision of technology given India's growth in software exports and rural development, and the fact that the majority of India's population lives in rural areas.

CARICOM leaders also met with UK Prime Minister Tony Blair to discuss issues related to trade and security. CARICOM reaffirmed its commitment to participate in the resumption of WTO talks, and Regional Economic Partnership Agreements of the ACP-EU Cotonou Agreement. They also highlighted the importance of special and differential treatment and increased support for adjustment. In regard

to security, the Region, while grateful for the assistance from the UK, voiced concerns about the drug trade. The Region is caught between suppliers in the south and major markets in the north, a situation that was further exacerbated by the growing trade in arms, which contributed to rising levels of domestic crime.

### **Integration Issues**

Progress on the CARICOM Single Market and Economy (CSME) in 2003 was made with regard to the free movement of university graduates, artistes, media workers, musicians and sports persons. At present, the legislation and administrative/procedural framework for the specified categories are in place in most of the countries. In Barbados, legislation still needs to be amended to allow people to seek work. In St. Kitts and Nevis, while the legislation for the free movement of university graduates has been enacted, operationalisation of administrative/procedural framework has not been implemented. Additionally, neither the relevant legislation nor the administrative/procedural framework is in place to facilitate the free movement of the other categories. The necessary changes have also not been made in Montserrat.

During the year, the Prime Minister of Barbados, who has lead responsibility for the implementation of the CSME, tried to build support in The Bahamas for this initiative. Presently, The Bahamas, though part of CARICOM, has not signed onto the CSME. The Bahamas indicated that more dia-

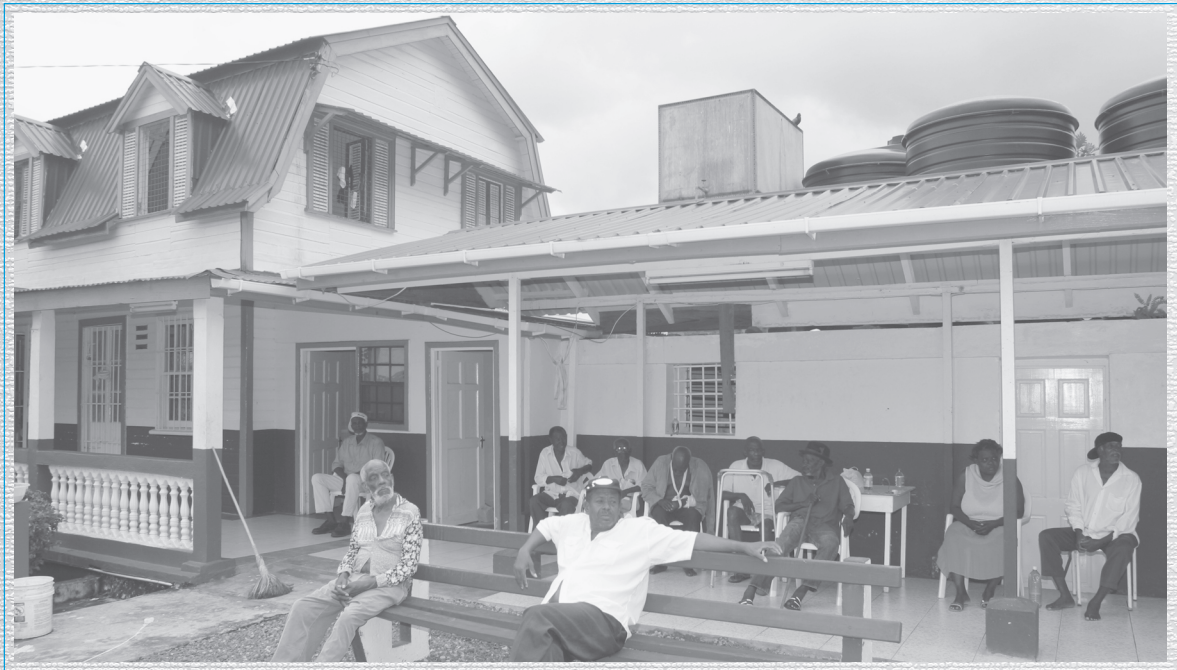
logue will need to take place between the Government and civil society before a decision can be made to join the CSME.

There was progress on the Caribbean Court of Justice (CCJ), which will be a key institution within the CSME. In 2003, CDB was given permission to borrow \$96 mn on the capital market for on-lending to BMCs as their contribution towards the establishment of the CSME. CDB pledged an additional \$4.4 mn from its Special Development Fund as part of one country's contribution. Membership was also finalised for the Regional Judicial and Legal Services Commission as well as for the Board of Trustees of the CCJ Trust Fund.

The Rose Hall Declaration on governance and integration, while agreeing to establish an executive commission to assist in regional governance, also served to reaffirm the commitment of member states to implement the CSME before December 2005. As a result, member-states agreed to accelerate the integration process and to this end, promote macroeconomic convergence, unification of capital and financial markets, and the early unrestricted movement of persons within CARICOM. Members also resolved to establish an expert group drawn from agencies and institutions around the Region, to identify opportunities and policy measures needed to promote integrated production within the Region. The Declaration also stressed the significance of agriculture and tourism as key aspects of economic development, and highlighted the importance of appropriate measures to increase the efficiency of public and private investment.



A patient being attended to at the Grand Bay Health Centre in Dominica. The Centre was rehabilitated with BNTF funding.



Residents of the St. Lucy's Home for the aged, destitute and abandoned in St. Lucia are housed in a facility which was renovated through the BNTF.

## Part II

# The Caribbean Development Bank in 2003

### OVERVIEW

The Financial Year 2003 represented a year of significant transformation in the way the Bank functions as a leading contributor to the economic and social development of the Caribbean. Many of the activities were designed to improve the efficiency and effectiveness of the Bank's operations. These initiatives included implementation of a Change Management Strategy focused on attitudinal and behavioural changes, review of the business processes in several of the Bank's administrative units, implementation of the first phase of a Results-based Management approach to planning, monitoring and managing the work programme, and design of an employee appraisal process linked to the Results-based Management system.

Operationally, CDB gave the regional integration process a major boost through its largest ever loan approval of \$99.5 mn, for setting up the CCJ Trust Fund. The Trust Fund will be required to generate the financing to meet the operational expenses of the Caribbean Court of Justice. Gross approvals of loan, grants and equity for the year ended December 31, 2003 amounted to \$197.1 mn, compared with \$128.4 in 2002. The Bank also improved its rate of project implementation, achieving a disbursement ratio of 72.3%. Disbursements amounted to \$126.2 mn, with \$120.3 mn in loans and \$5.9 mn in grants. For the sixth successive year, there was a positive net transfer of resources (\$32.2mn) to BMCs. The Bank concluded another market borrowing transaction and raised \$60 mn to assist in financing its lending programmes and to meet its liquidity requirements.

The Bank intensified its focus on poverty alleviation by establishing a network within the Bank to oversee its poverty reduction and social development programmes. Conducting Country Poverty Assessments (CPAs) and helping to develop Poverty Reduction Strategies and Action Plans in our BMCs are an important part of the Bank's operations in assisting BMCs to examine the nature of

poverty and the factors that contribute to its persistence. With assistance from the United Kingdom Department for International Development (DFID), support was given to the Governments of Anguilla, the British Virgin Islands and Dominica for CPAs started in the second quarter of 2002 and completed on schedule in June 2003. In the case of Dominica, the CPA was undertaken at a time when the country was experiencing major economic and fiscal difficulties. As a result, the demand for social data by different development institutions conducting studies and assessments in the country was high. With a thorough analysis of poverty and with baseline data on social and economic institutions, the CPA became a major source of information for preparation of several social and economic reports for the country.

The countries participating in the Basic Needs Trust Fund (BNTF) received support from staff with the preparation of Poverty Reduction Action Plans (PRAPs), which provide a targeting mechanism for financing BNTF sub-projects in each country. Through this support, PRAPs were completed for five countries during 2003 with the remaining four at an advanced stage of preparation. Preparation of the PRAPs will be followed by training workshops in the first quarter of 2004. The preparation of PRAPs has helped other agencies in many countries to examine the issue of targeting for poverty reduction more thoroughly and has also stimulated the interest of line ministries and other Government agencies in matters related to poverty and poverty reduction and in the application of the 'PRAP process' to other areas of social and economic development. Assistance with the preparation of national Poverty Reduction Strategies (PRSs) is also being given to BMCs that have conducted CPAs. Work on a national PRS has started in St. Kitts and Nevis, and a similar process is expected to be undertaken in Anguilla in 2004.

Similar work on a PRS for the Bank also began in 2003. This PRS examines the causes of poverty, and identifies measures to prevent the vulnerable from descending into poverty. It will guide the allocation of resources in financing interventions in the Bank's poverty reduction objectives in its BMCs.

Training in poverty and social assessment is another aspect of the Bank's work in which support was provided to BMCs in 2003. In response to a need for increased in-house research capacity in our BMCs, three sub-regional workshops on

**“Research Skills, With Special Emphasis on Social Analysis and the Use of Qualitative Measurement”** were conducted. Representatives from 16 BMCs attended the workshops. Training in social analysis was also provided to staff of the Community-Initiated Agriculture and Resource Management/ Rural Development (CARD) Project in Belize. Similar training will be extended to other BMCs and CDB staff in early 2004. This will involve training in social policy and analysis for BMC personnel and advanced training in social analysis for a core group of CDB staff members.

Preparations were made to undertake a research project on **“Social Protection and Poverty Reduction in the Caribbean: Examining Policy and Practice”** and a study entitled **‘A new Perspective on the Poverty of the OECS Countries: A Qualitative Approach’**. These activities are scheduled for implementation in early 2004.

## OPERATIONS

### Programmes and Initiatives

In furtherance of its Charter mandate, strategic objectives, and corporate priorities, CDB was involved in a wide range of lending and non-lending activities in its BMCs, engaged regional and extra-regional development partners in dialogue and programmes in support of its activities in BMCs, and continued wide-ranging reorganisation of internal processes in order to improve efficiency of service delivery to its members. While many activities and operations represented a continuation of ongoing interventions, the intensified focus in the BMCs to address poverty and related social sector issues, and the Region’s difficult macro-economic situation, particularly in public finances and debt, were reflected in the Bank’s lending and technical assistance during the year.

There was significant positive impact from the effort to restructure internal processes to improve efficiency throughout the institution, and to draw more fully on capacity and talent in the Bank. This past year was the first full year of operation for many of the organisational changes that had been put into effect as part of the Change Management Programme, arising out of the Operations Audit and subsequent process studies. Reflecting this, substantial effort was devoted to staff training and reorientation, as increasing emphasis was placed on moving Bank operations and performance assessments to a results-based approach, using a

cascade that established clear links between strategic objectives at one extreme and specific work assignments at the other.

### Lending Operations

Lending activity was focused on assisting BMCs in addressing critical areas of development in the economic, social and financial sectors. Loans approved in support of these sectors totaled \$192.426 mn. Resources were provided for programmes that will help address poverty reduction, governance, health and education, economic stabilisation and reconstruction, economic infrastructure and financial intermediation.

With regard to Poverty Reduction, a loan was approved to assist the Belize Social Investment Fund to improve the social and economic conditions of poor communities there. In the area of Governance, CDB approved financing totaling \$99.5mn to help some of its BMCs to contribute to the establishment and operation of the Caribbean Court of Justice, and to establish the legal framework for the operation of the Caribbean Single Market and Economy.

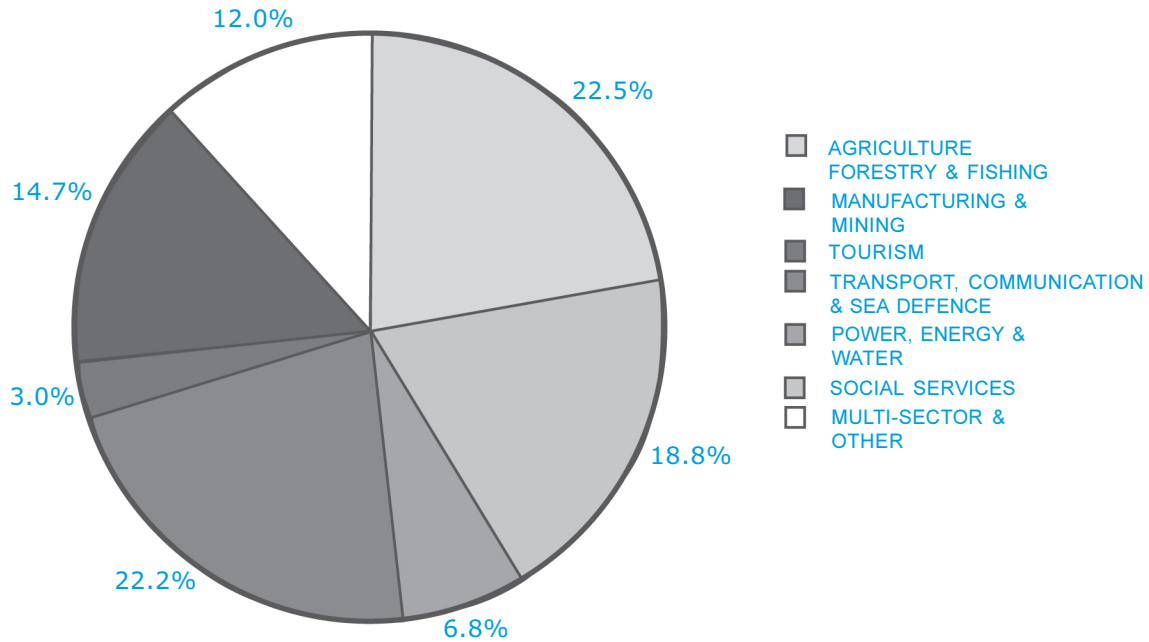
Grenada and St. Lucia were beneficiaries of loans approved for the Health and Education sectors, under CDB’s Economic Reconstruction Programme. The loan to Grenada was for rehabilitating primary schools and St. Lucia’s loan was for rehabilitating primary schools and health centres.

Loans for Economic Stabilisation and Reconstruction were approved for Dominica and Guyana. Dominica’s loan was to assist the Government in urgently stabilising its fiscal situation, and to pursue orderly structural adjustment of the economy, so as to provide a solid basis for longer-term income growth and poverty reduction. The loan to Guyana was for a Sugar Modernisation Project, which is expected to increase production and improve productivity in the industry, reduce the unit cost of sugar production and improve the competitiveness of Guyana’s sugar industry.

An Economic Infrastructure loan for Guyana was also approved for a project designed to improve road safety for sections of the roads that link the West Coast Demerara and the East and West Bank areas of the Demerara River to the capital, Georgetown. A loan to St. Kitts and Nevis was approved to help construct the West Basseterre Bypass Road to ease traffic congestion in the capital.

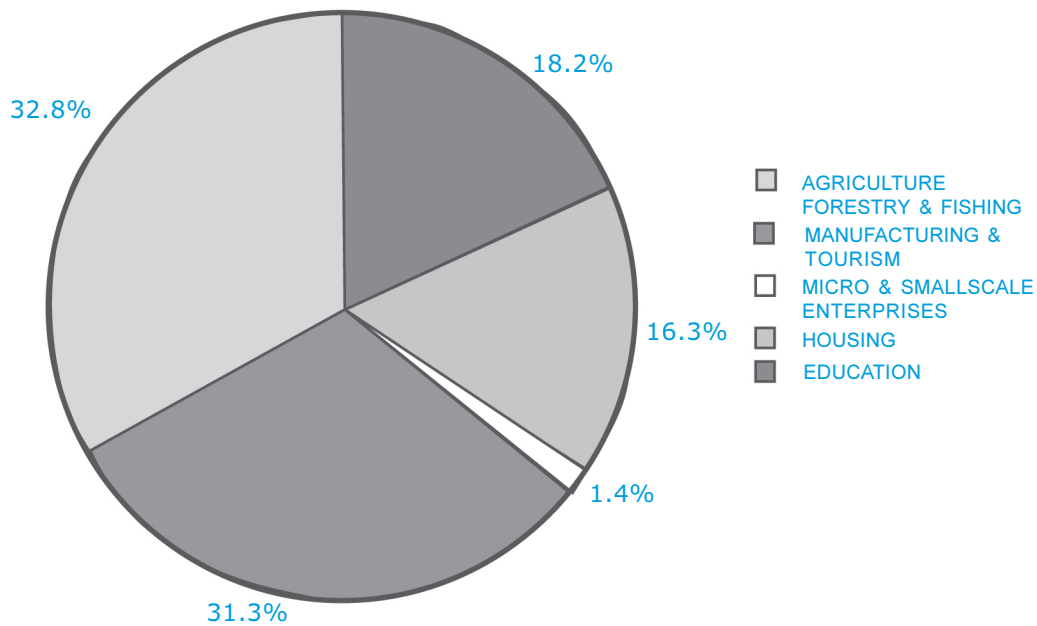
**Sector Share of Net Total Financing (1970 - 2003)**

**Total: \$2,351.6mn**



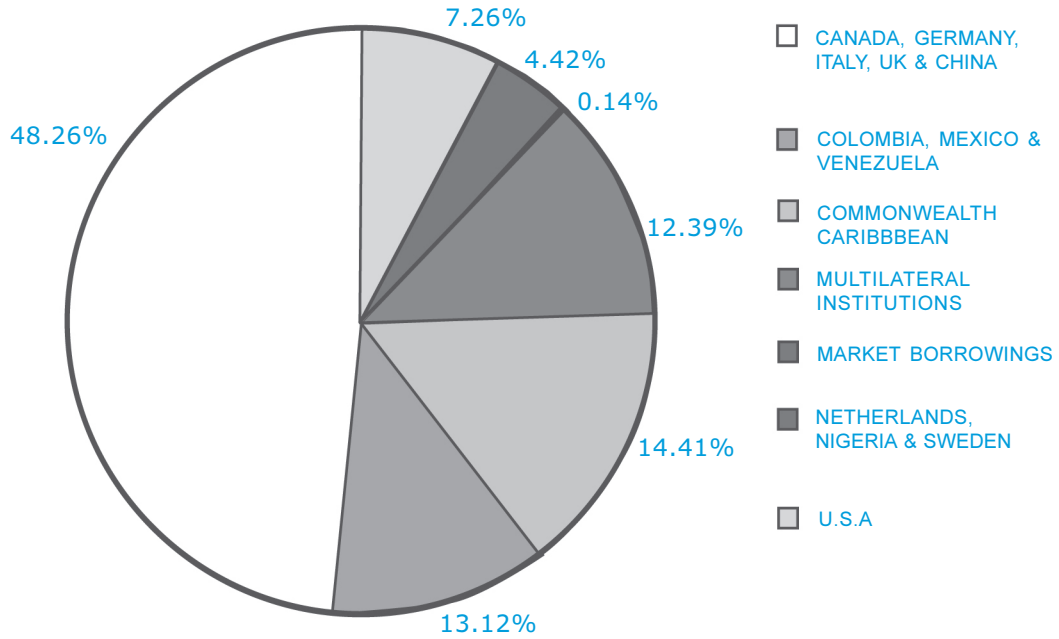
**Sector Share of Net Total Financing to Financial Intermediaries (1970 - 2003)**

**Total: \$475.7mn**



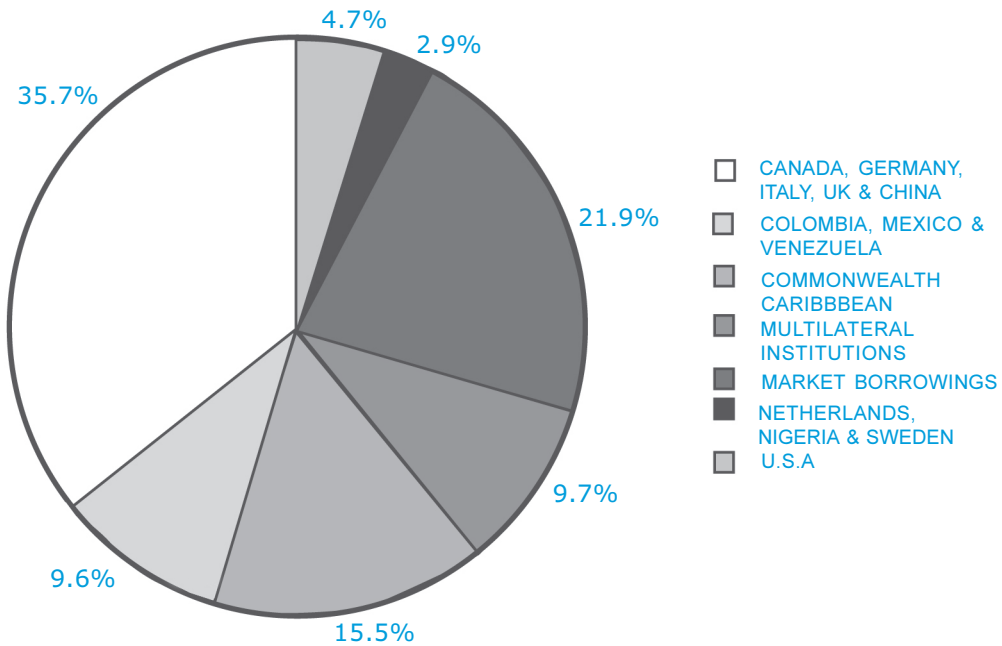
**Total Soft Resources by Contribution as  
at December 31, 2003**

**Total: \$843.4 mn**



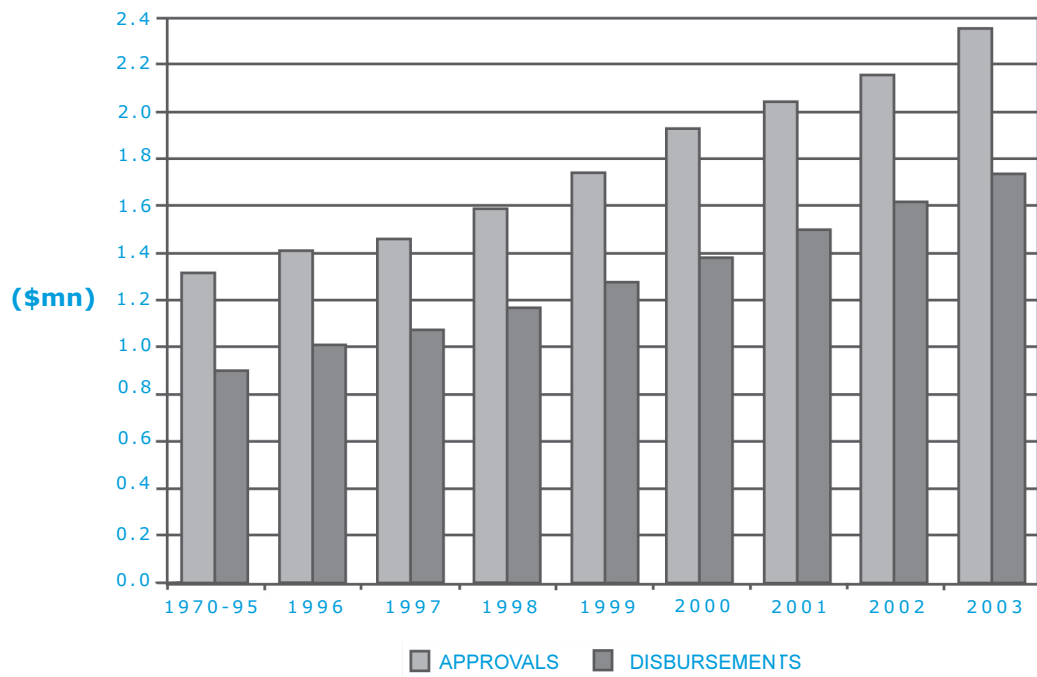
**Total Resources by Contribution as  
at December 31, 2003**

**Total: \$1,290.7 mn**





**Cumulative Financing Approvals (Net) and Disbursements  
(1970-2003)**



Under the heading of Financial Intermediation, a loan to the Development Bank of St. Kitts and Nevis for providing student loans was approved, as well as agricultural and industrial credit to the St. Vincent and the Grenadines Development Bank for onlending to the productive sectors.

## **CAPITAL AND TECHNICAL ASSISTANCE PROJECTS BY COUNTRY**

### **Anguilla**

In 2003, disbursements totaling \$2.5 mn were effected on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$21.9 mn and had disbursed \$20.2 mn. No new loans or grants were approved for Anguilla.

### **Antigua and Barbuda**

As of December 31, 2003, CDB had approved loans totaling \$38.8 mn and had disbursed \$24.1 mn. In 2003, disbursements totaling \$4.24 mn were effected on loans under implementation. No new loans or grants were approved for Antigua and Barbuda.

### **Bahamas**

In 2003, one TA grant in the amount of \$100,000 for *Preparation of the Craft Market Project* was approved. Disbursements totaling \$1.07 mn were effected on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$53.0 mn and had disbursed \$49.9 mn. No loans were approved for the Bahamas.

### **Barbados**

In 2003, disbursements totaling \$17.2 mn were effected on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$229.3 mn and had disbursed \$142.2 mn.

Included in the projects under implementation with significant disbursement activity is a loan to Needham Points Holdings Ltd, approved to help construct the 350-room Hilton Hotel. Construction activities are approximately 65% complete and scheduled for completion in 2004. This project focused on the continued development of the tourism sector and supports other initiatives including development of the air and seaports, and the re-development of Bridgetown as a tourist attraction. No loans or grants were approved for Barbados.

### **Belize**

In 2003, CDB approved one loan and one technical assistance grant to Belize. Disbursements in 2003 totaled \$9.5 mn on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$183.7 mn and had disbursed \$134.9 mn. TA grants approved totaled \$486,000.

*Social Investment Fund - \$7.07 comprised \$3.66 mn from OCR and \$3.41 mn from SDFU.* This project will assist the Belize Social Investment Fund to address deficiencies and improve the social and economic conditions of poor communities. The resources provided by the loan will finance community-based investments in social and economic infrastructure, social services and organizational strengthening activities. Community involvement will be featured throughout the sub-project cycle. The resources provided will finance approximately 125 community-based investments in social and economic infrastructure, social services and organizational strengthening activities.

CDB also approved grant resources for technical assistance programmes for *Control and Prevention of HIV/AIDS - \$150,000; Institutional Strengthening of the Toledo Development Corporation and Community Based Organizations in the Toledo District - \$150,000*:

### **British Virgin Islands**

In 2003, CDB approved one loan to the British Virgin Islands. As at December 31, 2003, CDB had approved loans totaling \$59.6 mn and had disbursed \$48.6 mn. Disbursements in 2003 totaled \$6.2 mn on loans under implementation.

*Beef Island International Airport (Additional Loan) - \$7.25mn - OCR.* This additional loan was approved to facilitate the completion of work on the expansion of the airport at Beef Island to supplement resources previously provided by CDB of \$19.63 mn. Total cost for this project is projected at \$70.53 mn.

### **Cayman Islands**

In 2003, disbursements totaling \$1.29 mn continued on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$47.8 mn and had disbursed \$47.2 mn. No loans were approved for the Cayman Islands.

### **Dominica**

In 2003, CDB approved two loans and two grants

to the Commonwealth of Dominica. Disbursements in 2003 totaled \$9.25 mn on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$136.2mn and had disbursed \$112.1 mn.

**Economic Stabilisation Loan - \$3.0mn - OSF.** During the year, Dominica faced severe fiscal difficulties occasioned by a prolonged slump in real economic activity, coupled with the accumulation of high and unsustainable external debt stocks. The ESL's central poverty focus was designed primarily to protect critical expenditure in the social sector, particularly health and education. This loan was provided to assist the Government in urgently stabilising its fiscal situation, and to pursue orderly structural adjustment of the economy, so as to provide a solid basis for longer-term income growth and poverty reduction. The loan forms part of a collaborative effort of a wider support group of donors and regional governments comprising the International Monetary fund, the World Bank, the European Union, the East Caribbean Central Bank, the Governments of The Bahamas, Barbados and Trinidad and Tobago as well as private sector re-scheduling. This assistance is intended to meet the Government's fiscal financing requirements until the end of the calendar year 2003, and should reduce the risk of disorderly adjustment and lessen the impact on the poor and vulnerable groups in Dominica. The funds are to assist in the purchase of supplies for the health and education sectors.

**Upgrading of Eco-tourism Sites (Additional Loan) - \$3.05 mn - \$1.7 mn OCR and \$1.3 mn SDFU.**

CDB also approved grant resources for **Institutional Strengthening of Ministry of Finance, Industry and Planning - \$146,000**; and the **Assessment of Assistance and Support Needs for Economic Stabilisation and Adjustment Programme - \$148,000**

### Grenada

In 2003, CDB approved one loan and three grants to Grenada. Disbursements in 2003 totaled \$7.9 mn on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$123.3 mn and had disbursed \$93.2 mn.

**Economic Reconstruction Programme - Rehabilitation of Primary Schools - \$4.42 mn - \$2.5 mn OCR and \$3.5 mn OSF.** The project will help Grenada to improve educational outcomes

and attainment levels by upgrading the physical learning environment at the primary level, providing higher quality and more effective educational services, and more efficient system management. The resources provided will assist in the rehabilitation of 13 primary schools, rebuilding one school, the provision of architectural and engineering services, furniture replacement in the project schools, consultancy services for strengthening the services of the Ministry of Education in the areas of curriculum development, special education and system monitoring and management, training for eight members of the staff of the Ministry, and project management services.

CDB also approved grant resources for the **Review of the Pay and Grade Structure and Conduct of a Public and Private Sector Salary Survey - \$149,000**; **Development of a National Strategic Plan for Health - \$59,000**; and **Project Preparation, Grenville Market Square Development - \$100,000.**

### Guyana

In 2003, CDB approved three loans and two grants to Guyana. Disbursements in 2003 totaled \$10.6 mn on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$177.8 mn and had disbursed \$110.6 mn.

**Skeldon Sugar Modernisation Project - \$28.2 mn - \$14.2 mn- OCR and \$13.99 mn - SDF.** This loan will help finance the agricultural development component of a sugar production project. The project will provide technical and managerial support in developing suitable lands and establishing appropriate infrastructure in expanding the area under sugar cultivation in the Berbice region. The project also includes the replacement of the factory at Skeldon Estate with a new one. This investment is expected to increase production and improve productivity in the industry, reduce the unit cost of sugar production and improve the competitiveness of Guyana's sugar industry.

**Third Road Project- \$19.1 mn - \$9.1 mn - OCR and \$10.0 mn - SDF.** This project is designed to improve road safety for sections of the roads that link the West Coast Demerara and the East and West Bank areas of the Demerara River to the capital, Georgetown. The project is expected to help reduce traffic congestion on this critical commercial artery, decrease the vehicle operating

costs and improve productivity in the commercial sector.

***Secondary Towns Development Project – Technical Assistance Loan - \$683,000 – SDFU.***

This loan will finance the services of Consultants to prepare a study on the requirements for improving governance systems, infrastructure, and the quality of basic services provided in four communities, with a view to elevating them to the status of secondary towns. The consultants will prepare designs, tender documents and detailed costs for an infrastructure improvement programme for the four secondary towns.

CDB also approved grant resources for ***Governance Conflict Analysis and Conflict Resolution - \$46,000***; and ***Project Preparation, Technical and Vocational Education and Training - \$100,000.***

### **Jamaica**

In 2003, disbursements totaled \$15.05 mn on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$364.0 mn and had disbursed \$271.7 mn. No loans were approved for Jamaica.

### **Montserrat**

As of December 31, 2003, CDB had approved loans totaling \$12.4 mn and had disbursed \$10.6 mn. No loans were approved for Montserrat.

### **St. Kitts and Nevis**

In 2003, CDB approved two loans and one grant to St. Kitts and Nevis. Disbursements in 2003 totaled \$6.0 mn on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$130.8 mn and had disbursed \$94.6 mn.

***Fifth Student Loan - \$5.0 mn - \$4.5 mn – OCR; \$0.5 mn – SDFU***

A line of credit was provided to the Development Bank of St. Kitts and Nevis to assist in providing loans to students under CDB's Student Loan Guidelines. The resources will be onlent to prospective students for developing and upgrading skills at the professional, technical and vocational levels. A portion of the credit will be allocated to meet the financing needs of applicants, who though satisfying the other requirements of the Scheme, have insufficient financial resources to benefit from the Scheme.

***West Basseterre Bypass Road - \$7.56 mn – OCR***

This project is intended to reduce traffic congestion in the capital, Basseterre, decrease vehicle operating costs and contribute to improved safety for road users. It involves the construction of approximately 3.8 kilometres of road, approximately five bridges and four roundabout/junctions. The project also includes the development of a traffic management and Urban Improvement plan for Basseterre, the acquisition of two portable weighbridges and new axle-load legislation.

CDB also approved grant resources for the ***Preparation of Youth Development Project - \$100,000.***

### **St. Lucia**

In 2003, CDB approved one loan and two technical assistance grants to St. Lucia. Disbursements in 2003 totaled \$20.06 mn on loans under implementation. As of December 31, 2003, CDB has approved loans totaling \$227.3 mn and has disbursed \$157.9 mn.

***Economic Reconstruction Programme - Rehabilitation of Primary Schools and Health Centres - \$6.0 mn - \$2.543 mn OCR and \$3.505 mn OSF.***

Project activity is aimed at improving educational achievement and improving the health and well-being of the population. The project will finance the renovation of 11 primary schools (including the provision of learning laboratories) and 15 health centres, and provide appropriate furniture, fixtures, equipment and supplies as well as vehicles for the use of health centres and for the staff in the delivery of improved services.

CDB also approved grant resources for ***Institutional Strengthening of Inland Revenue Department - Grant \$138,000; Simplification and Computerisation of Customs Procedures and Data using ASYCUDA - \$458,000.***

Activities are targeted at strengthening revenue collection and assisting with fiscal management.

### **St. Vincent and the Grenadines**

In 2003, CDB approved one loan and one technical assistance grant to St. Vincent and the Grenadines. Disbursements in 2003 totaled \$2.4 mn on loans under implementation. As of December 31, 2003, CDB has approved loans totaling

\$114.4 mn and has disbursed \$92.3 mn.

**Agricultural and Industrial Credit - \$3.0 mn - OCR.** This line of credit will provide resources for onlending to the productive sectors through the St. Vincent and the Grenadines Development Bank, which was recently established. The credit will provide resources to private sector borrowers in the agricultural, tourism, manufacturing and services sectors and particularly to persons engaged in micro and small-scale enterprises. It is in keeping with CDB's mandate to assist with the development of the private sector and the growth of the economies of its BMCs. CDB also approved grant resources for **North Windward Development - \$143,000.**

### Trinidad and Tobago

In 2003, projects were identified for consideration and disbursement activity on loans under implementation continued. Disbursements in 2003 totaled \$4.6 mn on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$161.3 mn and had disbursed \$118.9 mn. No loans were approved for Trinidad and Tobago.

### Turks and Caicos Islands

In 2003, projects were identified for consideration and disbursement activity on loans under implementation continued. Disbursements in 2003 totaled \$0.99 mn on loans under implementation. As of December 31, 2003, CDB had approved loans totaling \$19.5 mn and had disbursed \$15.6 mn. No loans or grants were approved for the Turks and Caicos Islands.

### Regional

In 2003, CDB approved one loan, one equity investment and 28 technical assistance grants. Disbursements on loans granted to finance regional programmes totaled \$1.44 mn. As of December 31, 2003, CDB had approved loans totaling \$34.3 mn and had disbursed \$30.4 mn.

**Caribbean Court of Justice - \$93.6 mn - OCR; \$4.4 mn OSF.** This loan was provided to the Governments of Antigua and Barbuda, Barbados, Belize, the Commonwealth of Dominica, Grenada, the Co-operative Republic of Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago to help provide the legal framework for the operation of the Caribbean Single Market and Economy.

During the year progress was slow in satisfying

conditions precedent to mobilisation of funds, but there was progress in some areas of the establishment of the CCJ. The Agreement establishing the CCJ Trust Fund was ratified by all participating governments and the members of the Board of Trustees of the Trust Fund have been appointed. Preparatory work is ongoing regarding the guidelines for investing the resources of the Trust Fund. To accelerate the process, CDB provided drafts of the necessary legislative instruments. The Regional Judicial and Legal Services Commission was set up to finalize the administrative and operational arrangements including finalizing the Headquarters Agreement for CCJ with the Host Country, Trinidad and Tobago, as well as appointing Judges and staff of the CCJ. Delays in satisfying the conditions precedent forced CDB to place its mobilisation efforts on hold.

**East Caribbean Securities Exchange - Equity Investment - \$100,000 - OSF Private Sector Fund.** The objectives of CDB's participation in the ECSE are to assist in the development of an efficient and well-regulated securities market in the East Caribbean Currency Union and to facilitate the free movement of capital, which is critical to the efficient functioning of the wider Caribbean Community Single Market and Economy.

CDB also approved grant resources **to finance 28 interventions for \$2.55 mn aimed at building capacity in CDB's BMCs.**

## SPECIAL ACTIVITIES

### Poverty Reduction Through the Basic Needs Trust Fund (BNTF)

The purpose of BNTF 4 is "to expand and conserve, using labour-intensive methods, the stock of social and economic infrastructure essential for the growth and the provision or enhancement of basic services, and employment in the Beneficiary Countries". Outputs consist of new construction, expansion or rehabilitation of sub-projects, in the following sectors/sub-sectors: Health; Education; Water; Access (Roads, Bridges, Drainage and Foot-Paths); Day-Care Centres; Retail (Vendors' Markets); and Skills Training.

This was the last year of implementation of BNTF 4. Cumulatively, BNTF 4 has provided funding for 796 sub-projects (of which 210 sub-projects cost an average of \$73,000 each, and 586 sub-projects

cost an average of \$13,000 each) in the nine BMCs. The 796 sub-projects have benefited approximately 550,000 persons in poor communities, and provided over 180,000 person weeks of employment for residents of beneficiary countries. CDB approved the last batch of sub-projects by May 2003, bringing the total number of new sub-projects approved for 2003 to 15, for a CDB contribution of \$0.88 mn.

A fifth cycle of the BNTF was approved in 2001 for an amount of \$32 mn. The purpose of BNTF 5 is the reduction in vulnerability, in a sustainable and gender-sensitive manner, of poor people living in deprived communities, through the **expansion and conservation** of the social and economic infrastructure, using labour intensive measures and community mobilisation to enable access to a wide range of basic public services; the **improvement of the human resource base** through skills development and social re-adjustment; and the **promotion and strengthening of the capacity** of community organizations to initiate and manage change. It is estimated that by the end of implementation, BNTF 5 should provide funding for approximately 2,500 sub-projects in poor communities of the 10 participating BMCs.

The expected results of BNTF 5 are: (i) significantly increased/improved public infrastructure provided in a cost-effective manner targeting education, water supply and sanitation, health and access; (ii) at the community level, marked strengthening of skills, institutional arrangements and documentation for the maintenance of social infrastructure; and (iii) skills of implementing agencies in financial and project management, networking, information sharing and dissemination, leadership, public awareness and participation, gender analysis, income generation, environmental management and disaster mitigation, notably strengthened.

Critical institutional strengthening activity took place during 2003, as BMCs sought to satisfy conditions precedent to first disbursement of the BNTF 5 Grants, with eight BMCs completing requirements by the end of the year. Important achievements included completion of the new BNTF Operations Manual and all of the BMCs' Poverty Reduction Action Plans intended to guide the use of BNTF 5 resources in accord with CDB's and BMCs' strategic objectives and corporate priorities for reducing poverty in the BMCs.

During the first half of 2003, a CDB team conducted a series of software installation/training workshops for BNTF project staff and Project Steering Committee members, in each of the 10 participating BMCs, to launch the new BNTF Management Information System software, developed for BNTF 5 to facilitate prompt and informed decision-making, while providing a repository of information that facilitates more effective reporting, preparation of re-imbusement applications, and project monitoring and evaluation.

With respect to sub-project activity, Guyana was first off, with nine small sub-projects (\$0.2 mn), approved and already completed. In addition, 15 large sub-projects (estimated at \$1.8 mn) were approved and implementation started. Jamaica is implementing five approved sub-projects (\$0.4 mn), with three others (\$0.8 mn) under appraisal by CDB. BNTF 5 disbursements by CDB total approximately \$0.5 mn during 2003.

At the Annual Board of Governors Meeting in St. Kitts in May 2003, CDB and Canada signed an agreement for an additional contribution of Canadian \$ 38 mn (approx \$24 mn) to the BNTF 5 Programme for making additional Grants to the nine participating BMCs, and a Grant to Jamaica. The Temporary Alternate Governor for Canada, Mr. James Melanson, said that *"Canada was very pleased to see that the Bank took to heart the recommendations made in the evaluation of the BNTF, and that BNTF 5 now incorporates the important, key elements of community leadership in the selection and design of projects. Community involvement in decision making is essential and the Bank's recognition of this was a major factor in our decision to contribute a larger amount to the BNTF. We see the BNTF as a key initiative, and as a success."*

Canada's contribution to BNTF 5 brings some unique dimensions to the Programme:

- (i) the new Results Based Management methodology, to focus on Outcomes vs Outputs;
- (ii) more in-depth focus on the environment, with preparation of BNTF environmental impact assessment guidelines, checklists, and training of BNTF staff in their use;
- (iii) added Gender Analysis focus, with the addition of a Consultant Gender Specialist to CDB's BNTF staff complement;



The Government of St. Lucia has received financial assistance for a banana production project. The project forms part of CDB's Economic Reconstruction Programme for St. Lucia.



CDB has approved a loan of \$7.2 mn for Sea Defence to assist the Government of Guyana in fixing a breach in the Profit-Foulis area of West Coast Berbice and thereby averting flooding.

- (iv) the conduct of a Maintenance Innovation Study, to improve maintenance practices and sustainability of BNTF- funded Community Assets;
- (v) a 3rd Operations Officer (Engineer) at CDB, to improve CDB's responsiveness to BMCs' needs (appointed by CDB on Nov 1, 2003);
- (vi) a limit of no more than 20% of the Canadian contribution to the cost of sub-projects to be spent for roads infrastructure; and
- (vii) the inclusion of HIV/AIDS response (training for counseling, educational awareness etc.) in the menu of eligible sub-project activities; and (viii) Jamaica added as the tenth BNTF BMC.

### Caribbean Technological Consultancy Services (CTCS)

The CTCS was established to help entrepreneurs solve production problems by sharing technical expertise in the Region. The initial pilot project started in 1982 was so effective and useful, with a growing demand for such subsidised assistance, that the Bank management decided to continue support of the project with financial support from USAID and CIDA in the early phase. Since 1991, in recognition of the role CTCS has played in developing the small business sector in BMCs, CDB has been the sole sponsor of the programme. Each year the demand for CTCS type TA has remained high mainly because of its flexibility in responding to the current needs of operators of micro and small-size enterprises to expand their technical disciplines to match the demands for its services.

The greatest impact of CTCS continues to be its contribution to the reduction of poverty, empowerment of people in the BMCs, the promotion of gender equity and development and enhancement of the technical and managerial skills of the Region's entrepreneurs through the sharing of regional expertise. During 2003, the CTCS made a significant contribution to the overall achievement of CDB's objectives and mission. At the same time, these services helped to meet such millennium development goals as reducing poverty, promoting gender equity and economic sustainability. This has been achieved through 58 training workshops and 82 short-term TA interventions to over 1,000

micro and small entrepreneurs of both sexes, as a result of which their opportunities for earning a livelihood were improved.

Skills were acquired and honed in technical disciplines outlined in Table II.1 below:

**TABLE II.1:**  
**TECHNICAL SKILLS ACQUIRED**

Skill	Number of Clients Trained
Pottery	25
Ceramics	15
Basketry	32
Moulding of Balata <sup>1/</sup>	12
Cake Decorating	46
Creation of Gift Baskets	32
Balloon Arrangements	25
Agro-Processing	39
AutoCAD	6
Garment Production	26
Management Techniques for Entrepreneurs	262
Farming Activities <sup>2/</sup>	62

1/ A unique latex from the rare "bulletwood" tree in Guyana.

2/ Farmers traditionally found at the base of the economic ladder were coached in how to improve their position and the returns from their labour through weed identification and control, operating their farms as businesses, proper post-harvest handling of fresh produce and the development of value-added products for little extra cost and greater gain.

Twenty-two indigenous persons from the Commonwealth of Dominica were given the opportunity to improve their skills in manufacturing indigenous Amerindian pottery replicas, glazing and firing of such clay items for the commercial and tourism markets. The historically famous potter's wheel was the only instrument available to a group of rural women to whom its proper use was taught.

The tourism industry has also benefited from the CTCS through the training of regional personnel in customer service, dining room and restaurant service and development of menus enhancing the use of local foods.

In view of the need for BMCs to compete in the liberalised global trade environment and to protect local consumers, CTCS facilitated the cross-fertilisation of knowledge and expertise among the



various National Standards Organisations, with the more experienced training the staff of the younger institutions. This resulted in enhanced capability in techniques for tyre inspection, metrology and calibration of equipment for international certification and accreditation.

During the year the CTCS continued to monitor the operations of the national cooperating institutions and to help improve their governance capability.

The CTCS has operated in a responsive and collaborative manner with the cooperating institutions of the BMCs, using most (\$416,731) of its allocated budget and recouping 6.3% of this through the sale of publications and the collection of fees for in-field TA interventions and workshops. The net result of the year's activities has been the upgrading of skills, increased productivity and a greater contribution of the small business sector to the economic development of each BMC.

### **Disaster Mitigation Facility for the Caribbean (DMFC)**

The DMFC seeks to promote sustainable development through the reduction of natural hazard risk and losses. This is being achieved by strengthening CDB's institutional capacity for natural hazard management and support to BMCs for the development and adoption of hazard mitigation policies and practices. In July 2003, CDB's Board of Directors approved a new Corporate Priority, which encompasses the objectives of the DMFC, to protect the vulnerability to natural disasters through the development and adoption of disaster mitigation policies, practices and standards.

During 2003, a draft of a guide and sourcebook for the integration of natural hazard impact assessment into environmental impact assessments was completed, in collaboration with CARICOM's Adaptation to Climate Change in the Caribbean project. The Guide and Sourcebook is to be completed by March 2004 and will be used as the basis for integrating natural hazard risk considerations into CDB's Environmental Policy and Environmental Review Guidelines, scheduled for 2004.

An advanced training course in natural hazard risk management entitled "Incorporating NHRM into Development Programmes and Projects" was developed in 2003. Fifty technical and managerial staff members from CDB's Projects and Econom-

ics Departments, the Corporate Policy and Programming Department and the Evaluation and Oversight Division received training through this course.

CDB-DMFC established a Collaboration in hazard mitigation planning with the Caribbean Hazard Mitigation Capacity Building Programme of the Caribbean Disaster Emergency Response Agency. During 2003, the partnership developed a model hazard mitigation policy for the Caribbean and provided support for the development of national hazard mitigation policies in Belize, Grenada, Jamaica and St. Lucia. These policies are due for completion in 2004. Preparations were also made to help governments of these countries to develop national hazard mitigation plans, scheduled for implementation for an 18-month period from January 2004.

Technical Assistance was provided to the University of the West Indies Seismic Research Unit to support the production of a volcanic hazard atlas of the Lesser Antilles. The atlas will provide a summary of the current state of knowledge pertaining to the hazards of each active and potentially active volcano in the islands of the Lesser Antilles. This atlas, an official project of the International Association of Volcanology and Chemistry of the Earth's Interior Commission for the Mitigation of Volcanic Disasters, will be the first of its kind in the world.

A design and development workshop for an introductory course in natural hazard risk reduction, being developed by the DMFC in collaboration with USAID's Office of Foreign Disaster Assistance, was conducted during 2003. The course should be completed in 2004.

### **Evaluation and Oversight**

The year 2003 saw a rationalisation of the work of the Post-Implementation Evaluation Unit and the Portfolio Monitoring and Performance Unit with the merger of these two units into a new division – Evaluation and Oversight. The following activities were completed:

#### **Impact Assessment of Industrial Estates Programmes in CDB's BMCs**

Between 1971 and 1995, CDB provided financial assistance to nine of its BMC governments (Belize, Grenada, Jamaica, St Kitts and Nevis, Antigua, Barbados, Dominica, St. Lucia and St. Vin-

cent and the Grenadines) that were seeking to expand their manufacturing sectors as part of their economic development programmes. The main objectives of the Industrial Estate (IE) programmes were to stimulate investment activity in the manufacturing sectors and to increase employment in the project areas.

The IE programmes contributed significant economic benefits to the BMCs in terms of foreign exchange earnings and employment. The value of goods exported ranged from \$33 mn to \$74 mn during the period 1995-2000. The major objective of employment creation was initially achieved in most BMCs, but was not sustained because of increasing competitiveness affecting the manufacturing sector in small open economies within the global environment.

The key lesson was the need for a holistic approach to the IE programme, which should include the promotion of a policy environment to achieve the objectives. Significant manufacturing activity for local entrepreneurs was not stimulated primarily due to the difficulty experienced by local entrepreneurs in accessing loan finance and an investment climate not sufficiently attractive to investors. Rental rates have frequently been below break-even due to low occupancy levels and governments have therefore had to continually provide annual subventions.

The traditional factory buildings have proven to be functional and have afforded a considerable degree of flexibility in usage. Recently, demand for factory space has come from companies engaged in information technology and telemarketing, and several governments have taken steps to retrofit the traditional factory buildings to meet the requirements of IT companies. This should increase the economic benefits from the IEs.

#### **Annual Review of the Performance of the Project/Loan Portfolio Under Implementation for the Year Ended December 31, 2002**

The performance of the projects under implementation was reviewed using as a measure the Project Implementation Performance Index, an indicative measure of the likely impact of the project on the achievement of CDB's development assistance objectives for the BMCs.

The PPI for the portfolio in 2002 was unchanged from the previous year at 6.2 and this performance is rated highly satisfactory. During the year,

several steps were taken to improve portfolio performance. These include reorganisation of the Projects Department to increase the efficiency of project appraisal and project supervision, incorporation of project execution into the project design, initiation of project launch workshops and workshops on project implementation, as well as on CDB procurement policies and procedures.

#### **Workshop on Harmonised Project Performance Evaluation System**

EOV also collaborated with the Operations and Evaluation Department of the World Bank in organising a workshop to sensitise management and staff to multilateral bank best practices in evaluating project performance.

#### **Training**

In January 2003, CDB, through its DMFC and the Caribbean Disaster Emergency Response Agency, conducted a two-day **Regional Workshop on a Model Hazard Mitigation Policy for the Caribbean**. Thirty-four participants from nine BMCs attended. From April to June 2003, National Hazard Mitigation Policy Workshops were held in Belize, Grenada, Jamaica and St. Lucia in order to train participants to adapt the model policy at the national level. In addition, in November 2003 CDB's DMFC and CARICOM's Adaptation to Climate Change in the Caribbean (ACCC) Project conducted a **Regional Workshop on a Guide and Sourcebook for the Integration of Natural Hazard Impact Assessment into Environmental Impact Assessment**. Thirty-three participants from 11 BMCs attended.

**The Investment Appraisal and Risk Analysis Training Programme for Financial Intermediaries** was held at the CDB Conference Centre during the period February 24 to March 15. This course featured modules on investment evaluation, analysis of cash-flows and risk modelling and was attended by 24 participants from six borrowing member countries representing 12 institutions including CDB.

CDB, in collaboration with the Dominica Agricultural Industrial and Development Bank (AID Bank), implemented the third and final intervention of the **Training Programme for Development Finance Institutions** in Roseau, Dominica, during the period June 30 to July 25, 2003. The training programme featured four one-week courses in Loan Administration, Credit Appraisal,

Credit Risk Management and Strategic Management. Sixty-seven participants from 11 countries representing 15 institutions attended the training programme. Countries represented included Anguilla, Antigua and Barbuda, The Bahamas, Barbados, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, St. Kitts and Nevis, and St. Vincent and the Grenadines.

In collaboration with the Tobago House of Assembly, CDB conducted a Project Implementation workshop in Trinidad and Tobago during the period June 30 to July 25, 2003. This course featured modules on project cycle planning and management and was attended by 30 participants from several government ministries and corporations.

### Project Launch Workshops

CDB undertook four project launch workshops: one in Barbados, two in Grenada and one in Jamaica. Each workshop was attended by persons directly involved with project implementation, line ministries and stakeholders.

### Workshops and Seminars

During 2003 CDB held 12 interventions geared to disseminate information and garner the feedback of stakeholders.

**Data Collection Protocols:** CDB conducted Data Collection Protocols Seminars in The Bahamas during April 24-30, Barbados, May 7-13 and St. Kitts, May 26-31, 2003. The objective of the Seminars was to strengthen the skills of 92 participants from 16 BMCs in data collection protocols, methods of qualitative and quantitative data collection and the use of participatory approaches as communities plan and organise their activities.

**Pension Reform:** CDB in collaboration with the Inter-American Development Bank successfully held the International Symposium and Policy Seminar on Pension Reform in the English-Speaking Caribbean countries at CDB Headquarters during the period June 4-6, 2003. The Symposium and Seminar highlighted the key policy and technical considerations for designing, implementing, reforming, managing and supervising pension schemes in the English-Speaking Caribbean countries and was facilitated by distinguished stakeholders and attended by 63 participants from 14 BMCs and Suriname.

**Energy:** CDB also conducted the seminar "Meeting our Energy Needs in the 21<sup>st</sup> Century-The Natural Gas Opportunity" during the period

October 13-14, at CDB Headquarters. The objectives of the seminar were:

- To sensitise participants to the advantages of using natural gas as a primary energy source; and
- To encourage participants to define a role for natural gas in their countries' energy portfolio including outlining action plans for establishing national natural gas strategies.

Nineteen participants from nine BMCs attended the Seminar.

**Procurement:** On July 28, CDB conducted a Procurement Guidelines Seminar to solicit feedback from CDB stakeholders on procurement guidelines and possible amendments to these guidelines. The seminar was attended by 27 participants from BMCs and CDB.

**Human Resource Development:** CDB held a human resource development/education policy review during the period November 11 to 13, to provide feedback to update and amend its human resource development/education lending policy. The review meeting was attended by 33 participants from 10 BMCs. Thirteen regional institutions were also represented.

**Project Cycle:** CDB also conducted a review of its project formulation and appraisal process during the first two quarters of 2003 and hosted a Stakeholder workshop at the end of the review. The objective of the review was to assist in re-engineering the Bank's project formulation and appraisal processes and thereby improve system efficiencies.

**Micro Finance:** CDB cosponsored the Development Finance Limited (DFL) Second Round Table on Micro Finance in the Caribbean, held at the Bank's Headquarters during the period June 10-11. The Round Table, facilitated by 11 regional and international organisations, was attended by 50 participants.

### Other Conferences and Meetings

Other conferences and meetings that received support from CDB include UWI Fourth Annual SALISES Conference; Association of Caribbean Social Work Education 6<sup>th</sup> Conference; Regional Millennium Development Goals Conference; Youth awareness Project; and the "Meeting of Heads of Procurement of Multilateral Development Banks and International Financial Institutions".

## COOPERATION WITH GOVERNMENTS AND OTHER ORGANISATIONS

CDB cooperates with a number of agencies and organisations in order to avoid duplication of effort and maximize the benefits of the Bank's interventions in its BMCs. For example, the Bank participates with other donors in the Development Partners Poverty Working Group (DPPWG), which coordinates donor interventions in poverty reduction, poverty assessments and the formulation of Poverty Reduction Strategies.

### Donor Agencies

Donor agencies based in the Region cooperated with CDB on developing and contributing to (along with the ECCB, the Governments of The Bahamas, Barbados, Belize, Grenada, St. Vincent and the Grenadines, and Trinidad & Tobago, the IMF and the World Bank) a package of financial support for Dominica. CIDA, DFID, the EU and UNDP, in addition, developed technical assistance programmes and provided institutional support to Dominica to help that country address a difficult situation. CIDA provided assistance to CDB's poverty reduction programme through its special funding supplement for the BNTF. DFID continued to support the Bank's social sector development efforts through funding for poverty assessments and poverty reduction action plans in the Bank's BMCs, and supported the development of formal Bank strategy on poverty reduction. DFID also funded a number of special social research projects through the Economics Department. All four institutions, together with USAID and the World Bank, have pledged funding to support the transfer of the CGCED Secretariat from the World Bank to CDB. USAID's funding for the Disaster Mitigation Facility for the Caribbean continued during the year.

### Development Partners Poverty Working Group

In January 2003, CDB hosted the second stakeholders' consultation, held to address some technical and administrative issues of Support for Poverty Assessment and Reduction in the Caribbean (SPARC). This meeting helped to clarify many issues related to SPARC and set a path for advancement of the process. CDB also collaborated with other members of the DPPWG in efforts to launch the SPARC project. Support was provided

in the hosting of a Millennium Development Goals (MDGs) Regional Conference held in Barbados in July 2003, and attended by representatives from government, the private sector, multilateral development institutions and non-Governmental organisations. The Conference examined the definition, measurement and monitoring of the MDGs as they relate to the Caribbean.

### International Fund for Agricultural Development

During the year, CDB strengthened its relationship with the International Fund for Agricultural Development (IFAD) in designing and supervising projects and programmes that benefit BMCs. Of particular relevance was a review with IFAD's staff of its Guidelines and Operational Procedures for Project Audits. IFAD is also examining an option for providing CDB with resources for funding eligible projects and technical assistance in its BMCs.

### SIRHASC and PANCAP

The Bank remained at the forefront of the regional response to the HIV/AIDS pandemic. This involvement took the form of participation on the Project Advisory Group (PAG) and the Project Management Group (PMG) for the European Union-financed programme - Strengthening the Institutional Response to HIV/AIDS/Sexually Transmitted Infections in the Caribbean (SIRHASC), which is the first region-wide programme. This programme attempts to build capacity and consolidate the efforts of regional institutions engaged in the fight against HIV/AIDS, including the University of the West Indies, the Caribbean Health and Research Council, the Caribbean Epidemiology Centre and the Caribbean Regional Network of People Living with HIV/AIDS. The Mid-Term Review of SIRHASC notes that the PAG and PMG "have served as catalysts for cooperation between institutions".

CDB is a member of the Steering Committee of the Pan Caribbean Partnership Against HIV/AIDS (PANCAP) and was also a member of the team that prepared the successful PANCAP proposal to the third round of the Global Fund for AIDS, Tuberculosis and Malaria (GFATM). The overall goal of this programme is to establish, consolidate and coordinate regional support to Caribbean countries in their efforts to reduce the impact of HIV/AIDS on human and economic development of the Car-

ibbean Region, especially in the context of the accelerated movement toward the Caribbean Single Market and Economy.

CDB has been proposed as Principal Recipient for the PANCAP programme. As PR, CDB will be required to keep PANCAP continuously informed about proposal implementation progress; provide periodic reports to the Global Fund and to PANCAP with the programmatic and financial progress updates and an estimate of the usage of the grant proceeds by different sub-recipients; manage the funds and allocate monies to sub-recipients; monitor and evaluate the programme; ensure that procurement is made with integrity, fairness and responsibility and provide a basic procurement supply and management plan; provide training and capacity building to implement activities where needed; and to report fiscal year progress and conduct annual financial audits.

### **CARICOM Institutions**

During 2003, CDB maintained the strong cooperative links with the CARICOM Secretariat that have been a feature of the relations between the two regional institutions over the years. In the area of country economic performance oversight, the institutions, together with the Caribbean Centre for Monetary Studies, prepared the first annual Caribbean Economic Performance Report, the first draft of which was presented to the Council for Finance and Planning (COFAP) at its June 2003 meeting in Kingston, Jamaica. CDB participated in a task force led by the Secretariat to explore arrangements for financing the activities required for the implementation of the CSME. As part of the effort mandated by CARICOM Heads to stabilise and transform the regional economies, CDB organised a meeting of regional central banks and the CARICOM Secretariat to identify next steps in the establishment of the proposed Regional Stabilisation Fund; and both the Bank and the Secretariat led Working Groups, under the general direction of the Caribbean Association of Industry and Commerce, which were tasked to make recommendations for the transformation of Caribbean economy.

The two institutions participated in the special programme to provide assistance to Dominica, with CDB playing a major coordinating role. CDB participated in the meetings of the CARICOM organs held during 2003, including the inter-sessional

meeting of CARICOM Heads held in Trinidad & Tobago in February, the 30th anniversary meeting in Jamaica in July, and a special meeting of Heads in St Lucia in November; and the Secretariat was represented at CDB's annual Board of Governors Meeting held in St Kitts and Nevis in May. At the November meeting, CDB presented proposals to improve the financing arrangements for regional institutions, as part of the overall project to improve governance in the CARICOM system.

### **OECS Institutions**

CDB maintained working relationships with both the OECS Secretariat and with the Eastern Caribbean Central Bank (ECCB) during the year. Many of the activities involved promoting economic and fiscal stabilisation in the currency union. Significant effort was devoted to providing support to Dominica. Worked commenced, in conjunction with the Caribbean Technical Assistance Centre (CARTAC), on reviewing and implementing tax reform proposals, reflecting the need to broaden the tax base to compensate for the anticipated effects of the trade liberalisation initiatives currently underway, in the region (CSME), in the hemisphere (FTAA) and globally (WTO).

### **Caribbean Technical Assistance Centre (CARTAC)**

CDB maintained its support of CARTAC by continuing to assign a staff member to that institution, and continued to serve on its Steering Committee. CDB staff participated in CARTAC technical assistance missions to The Bahamas, Grenada and Dominica, as part of the effort to improve fiscal management in the region; and approved technical assistance grants to both Dominica and Grenada to support tax reform initiatives under the fiscal management improvement programme.

### **IDB**

CDB maintained a strong working relationship with the Inter-American Development Bank (IDB) during the year. Following on his lecture presentation at CDB's Board of Governors meeting in Cayman Islands in 2002, IDB President Enrique Iglesias and a team of senior advisers visited CDB in 2003 at the invitation of the CDB President and held discussions with CDB's senior management on closer cooperation between the two institutions. A number of initiatives were agreed, among them,

an annual meeting between the Presidents and senior staff of the two institutions, coordination and cooperation of development banking work in common member countries, a focus on the development needs of the OECS countries, and joint participation in selected field missions. During the year CDB worked with IDB on a CDB proposal to facilitate an IDB contribution to CARTAC, and at year end indications were that the proposed arrangements would be acceptable to all parties. IDB provided significant technical advice to CDB's Finance Department in the area of financial policies.

### **IMF**

CDB continued to participate with the IMF in country Article IV consultations in all except one of its independent BMCs.

### **World Bank Group**

CDB has had a longstanding relationship with the World Bank and collaboration at the operational level was strengthened with the designation of a Senior CDB Staff member as the main contact point between IBRD and CDB. During the year a senior

World Bank staff member visited CDB and provided advice on the formulation of CDB's Private Sector Development Strategy. IFC staff also provided assistance in the development of CDB's private sector policies. IBRD has proposed assistance in institutional strengthening of CDB by allowing participation in the World Bank's staff exchange programme.

### **CRNM**

Collaboration with the Caribbean Regional Negotiating Machinery (CRNM) was strengthened with CDB's involvement in the First Donor Roundtable Meeting of the Free Trade Area of the Americas (FTAA) Hemispheric Cooperation Programme. The Roundtable was held at the Headquarters of the IDB on October 14-15, 2003. Subsequent to that meeting, CDB convened, on October 29, 2003, a "brainstorming" session at its Headquarters in Barbados, attended by CIDA, USAID, the CARICOM Secretariat, and CRNM. A second Roundtable Meeting, focussed on the Caribbean Countries and hosted by CDB is planned for first quarter 2004.

## Part III

### Finance

#### OVERALL BANK PERFORMANCE

Increased loan approvals and disbursements were major elements of the Bank's improved performance in 2003. For the sixth consecutive year, there was a net transfer of resources to its BMCs amounting to \$32.2 mn (\$25.8 mn in 2002). The Bank also recorded an increase in its OCR administrative expense ratio, which rose from 1.46% in 2002 to 1.55% in 2003.

#### APPROVALS, DISBURSEMENTS AND REPAYMENTS

Gross approvals of loans, equity investments and grants in 2003 totalled \$197.6 mn (2002 - \$128.8 mn). Cancellations were \$8.3 mn (2002 - \$13.8 mn). Net approvals amounted to \$189.3 mn in 2003, an increase of 6.5% over the amount of \$115.0 in 2002.

Disbursements for 2003 were \$122.6 mn (2002 - \$119.0 mn) with OCR-funded projects accounting for \$79.7 mn (2002 - \$74.0 mn) and SFR-funded projects were to \$42.9 mn compared to the 2002 figure of \$45.0 mn.

Table III.1 details the levels of approvals and

disbursements on loans, equity investments and grants during 2003 and 2002.

#### Loan Approvals

Net loan approvals in 2003 amounted to \$184.7 mn for 23 projects, compared with \$106.1 mn in 2002 for 30 projects.

#### Grant Approvals

In 2003, CDB approved \$4.5 mn for 56 grant-funded projects, while in 2002 net approvals were \$5.9 mn for 55 grant-funded projects.

#### Cumulative Financing

Net cumulative financing (loans, contingent loans, equity and grants) as of December 31, 2003 was \$2,348.2. Of this amount, \$1,316.0 mn, or 56%, went to the LDCs (\$1,252.9 mn, or 58%, in 2002).

Net cumulative loan and equity financing (Table 3.2) to date, excluding grant financing, totalled \$2,167.9 mn, of which \$1.163.2 mn, or 53.7%, went to the LDCs (\$1,104.2 mn, or 55.7%, at the end of 2002).

The major part of loan approvals to the LDCs continued to come from the SFR. At December 31, 2003, 54.3% of total loans approved to LDCs of \$631.4 mn were allocated from the SFR, compared with 55.8% at December 31, 2002.

Cumulative grant financing at the end of 2003 was \$198.1 mn with the focus again being on the

**TABLE III.1**  
**APPROVALS AND DISBURSEMENTS ON LOANS AND GRANTS**  
**DURING 2003 AND 2002**  
**(\$'000)**

Source of Funds/Activity	Approvals						Disbursements	
	2003			2002				
	Gross Approvals	Cancel-lations	Net Approvals	Gross Approvals	Cancel-lations	Net Approvals	2003	2002
<b>Ordinary Capital Resources</b>	<b>149,404</b>	<b>4,873</b>	<b>144,531</b>	<b>89,345</b>	<b>10,603</b>	<b>78,742</b>	<b>79,690</b>	<b>74,009</b>
OCR								
Loans	149,404	4,873	144,531	89,345	10,603	78,742	79,690	74,009
<b>Special Funds Resources</b>	<b>48,146</b>	<b>3,433</b>	<b>44,713</b>	<b>39,466</b>	<b>3,199</b>	<b>36,267</b>	<b>42,909</b>	<b>45,016</b>
<b>SDF</b>	<b>32,475</b>	<b>3,433</b>	<b>29,042</b>	<b>33,860</b>	<b>2,426</b>	<b>31,434</b>	<b>36,206</b>	<b>38,650</b>
Loans	29,904	2,873	27,031	29,761	1,830	27,931	33,284	36,531
Grants	2,571	560	2,011	4,099	596	3,503	2,922	2,119
<b>OSF</b>	<b>15,671</b>	<b>-</b>	<b>15,671</b>	<b>5,606</b>	<b>773</b>	<b>4,833</b>	<b>6,703</b>	<b>6,366</b>
Loans	13,118	-	13,118	-	531	(531)	3,572	3,728
Grants	2,453	-	2,453	2,606	242	2,364	2,957	2,638
Equity	100	-	100	3,000	-	3,000	174	-
<b>Total Financing</b>	<b>197,550</b>	<b>8,306</b>	<b>189,244</b>	<b>128,811</b>	<b>13,802</b>	<b>115,009</b>	<b>122,599</b>	<b>119,025</b>

**TABLE III.2: NET APPROVALS (LOANS, CONTINGENT LOANS, EQUITY)  
(\$'000)**

Year	Total Approvals 1970-2003			Approvals from Special Funds Resources between MDC's and LDC's 1970-2003		
	MDC's	LDC's	Total	MDC's	LDC's	Total
1970-74	21,840	40,407	62,247	1,100	33,875	34,975
1975-79	104,265	90,418	194,683	46,362	82,845	129,207
1980-84	97,689	127,431	225,120	36,168	103,674	139,842
1985-89	100,495	146,261	246,756	36,811	118,312	155,123
1990-94	208,131	185,338	393,469	87,275	95,942	183,217
1995-99	184,213	302,877	487,090	13,407	94,660	108,067
2000	90,791	89,483	180,274	8,505	41,710	50,215
2001	21,342	63,006	84,348	8,148	27,222	35,370
2002	50,216	58,926	109,142	12,831	17,569	30,400
2003	125,777	59,003	184,780	24,582	15,567	40,144
<b>Total 1970-2003</b>	<b>1,004,759</b>	<b>1,163,150</b>	<b>2,167,909</b>	<b>275,189</b>	<b>631,376</b>	<b>906,565</b>
<b>% Distribution</b>	<b>46.3</b>	<b>53.7</b>	<b>100</b>	<b>30.4</b>	<b>69.6</b>	<b>100</b>

LDCs, which received \$153.6 mn, or 77.5%, of grant funds.

### Cumulative Disbursements

Cumulative disbursements, including grants (Table III.3) increased by 8.0% in 2003 to \$1,731.5 mn, from \$1,608.9 mn in 2002.

The comparative analysis of cumulative disbursements shows that CDB's Ordinary Operations accounted for 48.2% of the funding (2002 - 47.0%) with the SFR share of funding decreasing to 51.8%

in 2003 from 53% in 2002.

The distribution of cumulative disbursements between MDCs and LDCs is provided in Table III.4. At the end of 2003, total disbursements to MDCs increased 8.8% to \$733.8 mn from \$674.3 mn in 2002.

Cumulative disbursements to LDCs increased 6.8% to \$997.7 mn from \$934.6 mn in 2002. At December 31, 2003, the LDCs' share of cumulative disbursements was 57.6% (2002 - 58.1%).

The MDCs accounted for 56.7% and the LDCs

**TABLE III.3: DISBURSEMENTS 1970-2003  
(\$'000)**

Source of Funds	1970-79	1980-89	1990-99	1970-03	2002	2003
<b>Ordinary Operations</b>	<b>40,197</b>	<b>159,026</b>	<b>360,391</b>	<b>835,096</b>	<b>74,009</b>	<b>79,690</b>
OCR	30,972	151,557	360,391	825,653	74,009	79,690
VTF	9,225	7,469	0	9,443	0	0
<b>Special Operations</b>	<b>88,864</b>	<b>317,850</b>	<b>315,986</b>	<b>896,399</b>	<b>45,016</b>	<b>42,909</b>
SDF	55,958	139,079	253,873	593,794	38,650	36,206
OSF	32,906	178,771	62,113	302,605	6,366	6,703
<b>Total</b>	<b>129,061</b>	<b>476,876</b>	<b>676,377</b>	<b>1,731,495</b>	<b>119,025</b>	<b>122,599</b>

**TABLE III.4: DISTRIBUTION OF CUMULATIVE DISBURSEMENTS  
TO MDCs AND LDCs 1970-2003  
(\$'000)**

Source of Funds	Total		MDC's		LDC's	
<b>Ordinary Operations</b>	<b>835,096</b>	100.0%	<b>473,591</b>	56.7%	<b>361,505</b>	43.3%
OCR	825,653		465,832		359,821	
VTF	9,443		7,759		1,684	
<b>Special Operations</b>	<b>896,399</b>	100.0%	<b>260,182</b>	29.0%	<b>636,217</b>	71.0%
SDF	593,825		161,076		432,749	
OSF	302,574		99,106		203,468	
<b>Total</b>	<b>1,731,495</b>	<b>100.0%</b>	<b>733,773</b>	<b>42.4%</b>	<b>997,722</b>	<b>57.6%</b>



for the remaining 43.3% of disbursements from CDB's Ordinary Operations. However, the LDCs received 71.0% of disbursements from CDB's Special Operations, while the MDCs received 29.0%.

### Loan Disbursements

Cumulative loan disbursements totalled \$1,561.6 mn at the end of 2003 (Table III.5). The ratio of cumulative loan disbursements to cumulative loan approvals was 72.3% at the end of 2003 (2002 - 73.1%).

tuations, were \$344.4 mn in 2003 (2002 - \$308.0 mn).

CDB's loan portfolio grew by 8.6% to \$905.3 mn, from the corresponding amount of \$833.4 mn at the end of 2002.

### Resource Transfers

The net transfer of resources (defined as disbursements less repayments of principal, interest and charges) to its BMCs in 2003 was \$32.2 mn.

**TABLE III.5: CUMULATIVE LOAN APPROVALS AND DISBURSEMENTS 1970-2003 (\$'000)**

Year	Cumulative Approvals	Cumulative Disbursements	% Disbursements to Approvals
1970-74	62,247	6,365	10.2
1970-79	256,930	128,175	49.9
1970-84	482,050	296,644	61.5
1970-89	728,806	533,979	73.3
1970-94	1,122,275	791,578	70.5
1970-99	1,609,365	1,132,800	70.4
2000	1,788,745	1,226,995	68.6
2001	1,870,293	1,330,785	71.2
2002	1,976,435	1,445,053	73.1
2003	2,161,115	1,561,599	72.3

### Grant Disbursements

During 2003, CDB disbursed \$5.9 mn in respect of grant-funded operations (2002 - \$4.8 mn). Cumulative grant disbursements of \$163.0 mn (2002 - \$157.1 mn) accounted for 9.4% of cumulative disbursements in 2003 (2002 - 9.8%).

### Cumulative Loan Repayments

At the end of 2003, cumulative capital repayments were \$662.1 mn (2002 - \$584.5 mn) (Table III.6). Repayments to the OCR during the year

(\$25.8 mn in 2002).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

CDB's main goals are to promote sustainable economic development and to reduce poverty. CDB is rated triple-A by Moody's. In pursuing its objectives, CDB provides loans, and related technical assistance grants for projects and programmes in its borrowing member countries, which are met

**TABLE III.6: CUMULATIVE CAPITAL REPAYMENTS ON LOANS (\$'000)**

Source of Funds	Cumulative Loan Repayments to December 2002	Translation Adjustments	Cumulative Loan Repayments in 2003	Cumulative Loan Repayments to December 2003
OCR	267,252	9,623	31,498	308,373
VTF	9,267	0	0	9,267
SFR	308,002	18,058	18,377	344,437
<b>Total</b>	<b>584,521</b>	<b>27,681</b>	<b>49,875</b>	<b>662,077</b>

amounted to \$31.5 mn, bringing the cumulative level to \$308.4 mn from \$267.3 mn, after taking into account exchange rate fluctuations. SFR cumulative repayments, after exchange rate fluctuations,

through various funding resources. Such funding resources include CDB's Ordinary Capital Resources (OCR)—the main topic of this Management's Discussion and Analysis—Special Funds

Resources (SFR), and Other Special Funds (OSF). CDB's ability to intermediate funds from international capital markets for lending to its BMCs is an important element in achieving its development goals. The Charter requires that each funding resource be kept separate from the other.

## Financial Policies

The financial strength of CDB is based on the support it receives from its shareholders and on its array of financial policies and practices. Shareholder support for CDB is reflected in the capital backing it has received from its members and in the record of its borrowing members in meeting their debt-service obligations to it. CDB's financial policies and practices have led it to build reserves, to diversify its funding sources, to hold a large portfolio of liquid investments, and to limit a variety of risks, including credit, market and liquidity risks.

CDB's principal assets are its loans to BMCs. To raise funds, CDB issues debt securities in a variety of currencies to both institutional and retail investors. These borrowings, together with CDB's equity, are used to fund its lending and investment activities, as well as general operations.

CDB holds its assets and liabilities primarily in US dollars. CDB mitigates its exposure to exchange rate risks by matching the currencies of its liabilities and equity with those of its assets. However, the reported levels of its assets, liabilities, income and expense in the financial statements are affected by exchange rate movements of major currencies compared with CDB's reporting currency, the US dollar. Since CDB matches the currencies of its equity with those of its loans, the fluctuations captured in the cumulative translation adjustment for purposes of financial statement reporting do not significantly impact CDB's risk-bearing capacity.

Lending commitments in FY 2003 were \$197.6 mn, which was approximately 53% higher than the FY 2002 level of \$128.8 mn.

## Ordinary Capital Resources

OCR come from three distinct sources: borrowings from private capital markets and multilateral development financial institutions; paid-in capital provided by member countries; and accumulated retained income and reserves, which provide a

buffer for risk arising from operations.

CDB's objective is not to maximise profit, but to earn adequate net income to ensure its financial strength and to sustain its development activities.

FY 2003 net income was \$21.9 mn, \$5.2 million lower than for FY 2002, however, CDB's return on usable capital and net return on average earning assets before the effects of IFRS 39 were higher than FY 2002.

In the context of CDB's operating environment, it is management's practice to recommend each year the allocation of net income to augment reserves, and to support development activities. On May 6, 2003, the CDB's Board of Governors approved the allocation of the net income of \$14.129 million from the Ordinary Operations of the Bank for the year ended December 31, 2002 to the Ordinary Reserves of the Bank.

## Management Reporting

CDB's funding operations are designed to meet a major organisational objective of providing lower cost funds to borrowing members. Because of the extent of CDB's long-dated funding, the reported volatility under IFRS 39 may be more pronounced than for many other financial institutions. The effects of applying IFRS 39 may significantly affect reported results in each accounting period, depending on changes in market rates.

## Funding Resources Equity

Total shareholders' equity, as reported in the balance sheet at December 31, 2003, was \$426.2 mn compared with \$401.9 mn at December 31, 2002. The increase from FY 2002 primarily reflects the increase in retained earnings.

CDB's equity base plays a critical role in securing its financial objectives. By enabling CDB to absorb risk out of its own resources, its equity base protects shareholders from a possible call on callable capital. The adequacy of CDB's equity capital is judged on its ability to generate future net income sufficient to absorb potential risks and support normal loan growth, without reliance on additional shareholder capital.

## Capital

Shareholder support for CDB is reflected in the capital backing it has received from its members. At December 31, 2003, the subscribed capital of

CDB was \$705 mn, of which, \$156 mn had been paid in and \$549.3 mn was callable.

### Borrowings Source of Funding

CDB diversifies its sources of funding by following a strategy of cost-effective private placements of bond issuance. Funding raised in any given year is used for CDB's general operations, including loan disbursements, and refinancing of maturing debt. OCR borrowings at December 31, 2003 amounted to \$317.3 mn compared with \$250.2 mn in the previous year. The increase in funding in FY 2003 was primarily attributable to increased borrowing requirements. All proceeds from new funding are initially invested in the liquid asset portfolio until they are required for CDB's operations. In FY 2003, long-term debt raised directly in financial markets by CDB amounted to \$60 mn; there was no borrowing activity during FY 2002.

### Use of Derivatives

CDB makes use of derivatives to manage the interest rate and currency risks associated with its financial liabilities. CDB enters into currency and interest rate swaps to convert US dollar and non-US dollar fixed-rate borrowings into US dollar variable-rate funding for its loans. CDB uses derivative instruments for liability management to reduce borrowing costs. However, during FY 2003, the new funding was floating rate US dollars, in accordance with funding requirements.

Figure III.1 illustrates the effect of swaps on the currency composition of the market borrow-

ings at December 31, 2003. Currency swaps are used to match the liabilities as closely as possible to the currency characteristics of the loans.

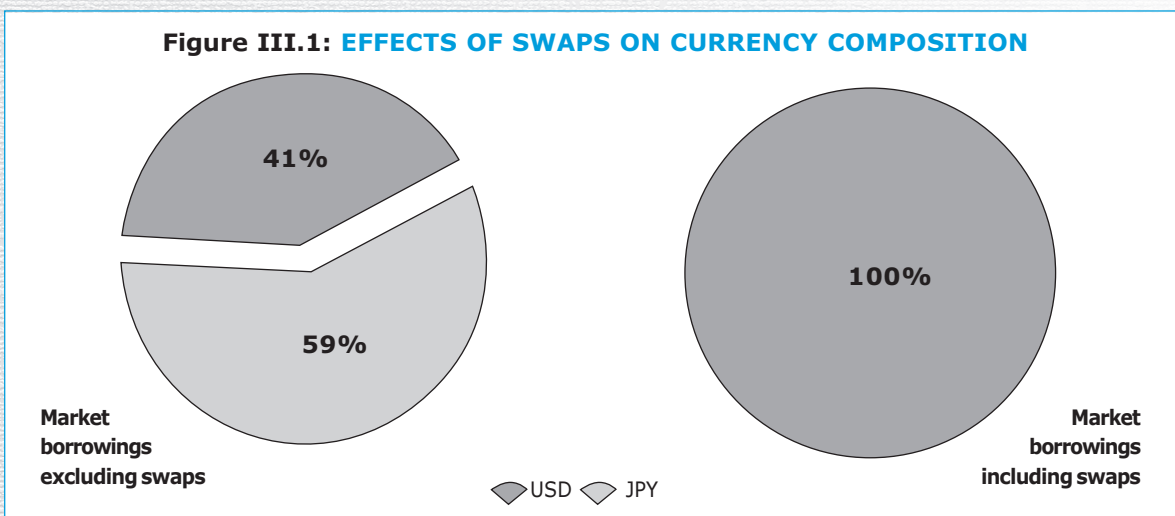
Figure III. 2 shows the effect of swaps on the interest rate structure of its market borrowings at December 31, 2003. Interest rate swaps are used to alter fixed rate borrowing to match that of its variable interest rate loan portfolio.

### Financial Risk Management

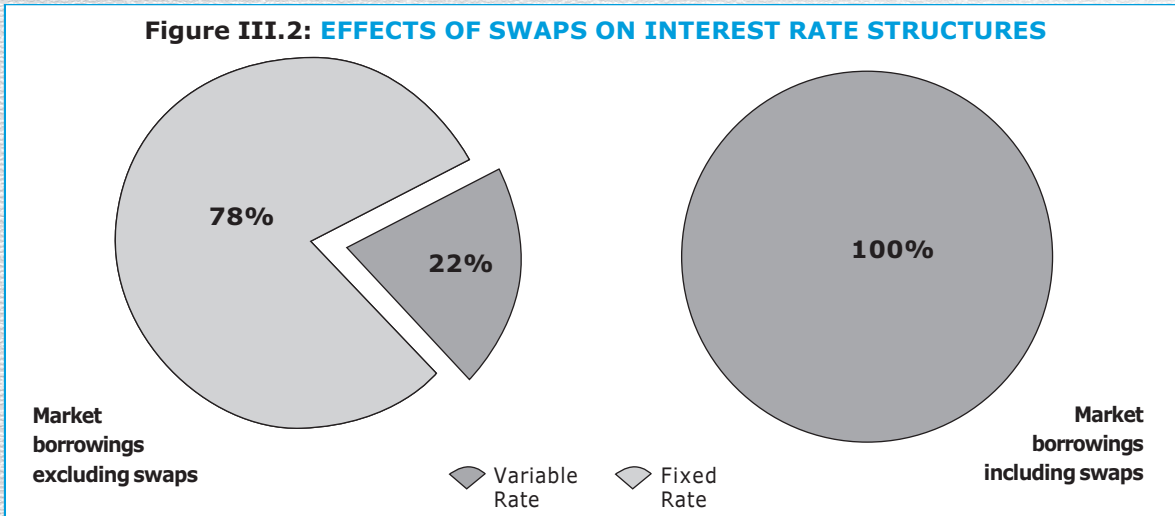
CDB assumes various kinds of risk in the process of providing development banking services. Its activities can give rise to four major types of financial risk: country credit risk; market risk (interest rate and exchange rate); liquidity risk, and operational risk. The major inherent risk to CDB as a multilateral development bank (MBD) is country credit risk, or loan portfolio risk. CDB has devised policy instruments that provide the operational framework for addressing this risk, as well as an income and reserves policy and a liquidity policy. The income and reserves policy addresses the potential losses caused by a major default by borrowers, while the liquidity policy addresses the risks associated with delays in access to capital markets.

### Country Credit Risk

Country credit risk is the risk of loss due to a country not meeting its contractual obligations. CDB continuously reviews its lending operations to estimate the appropriate level of provisions for losses on loans and to assess the adequacy of its income-



**Figure III.2: EFFECTS OF SWAPS ON INTEREST RATE STRUCTURES**



generating capacity and risk-bearing capital. Probable losses inherent in the portfolio due to country credit risk are covered by the provision for losses on loans, while potential losses due to country credit risk are covered by income-generating capacity and risk-bearing capital.

Portfolio concentration risk, which arises when a small group of borrowers account for a large share of loans outstanding, is a key concern for CDB and is managed, in part, through a single borrower exposure limit. The concentration risk limit is 50% of capital; CDB's largest exposure to a single BMC was 21.3% of capital at December 31, 2003.

### Managing Risk-Bearing Capacity

CDB assesses its risk-bearing capacity using a variety of metrics, including an interest coverage ratio (ICR) and reserve to loan ratio (RLR), to measure its income generating capacity and capital adequacy.

The ICR is the ratio of net income to financial expenses plus a factor of one. It measures the extent to which net income can fall without jeopardizing the bank's ability to service its financial expenses from current income. At December 31, 2003, the ICR was 3.3, compared with a minimum policy level for the ICR of 1.5.

The RLR as of December 31, 2003 stood at 50.0% compared with the policy minimum of 30%. To ensure the adequacy of its risk-bearing capacity, CDB's management reviews its income outlook annually and the Board of Directors recommends to the Board of Governors the por-

tion of the previous year's actual net income for allocation to reserves, to ensure that the level of reserves is commensurate with the policy level. At its meeting in May 5, 2003, the Board of Governors approved the net income of US \$ 14.129 mn for the year ended December 31, 2002 from the Ordinary Operations of the Bank be allocated to the Ordinary Reserve.

### Liquidity Management

CDB's liquid assets are held principally in obligations of governments and other official entities, time deposits and other unconditional obligations of banks and financial institutions, currency and interest rate swaps. Liquidity risk arises in the general funding of CDB's activities and in the management of its financial positions. It includes the risk of being unable to fund its portfolio of assets at appropriate maturities and rates and the risk of being unable to liquidate a position in a timely manner at a reasonable price. The objective of liquidity management is to ensure the availability of sufficient cash flows to meet all of its financial commitments.

As a component of liquidity management, CDB maintains lines of credit with independent financial institutions. One such facility is a \$5 mn line of credit used to cover any overnight overdrafts that may occur due to failed trades. The other is a \$20 mn line of credit to meet unexpected financial commitments in its normal operations.

Under CDB's liquidity management policy, aggregate liquid asset holdings should be kept at the minimum of 40% of undisbursed commitments. At

the end of FY 2003, the minimum liquidity level was \$161.2 mn, while the aggregate size of the OCR liquid asset portfolio stood at \$139.8 mn, or 34.7% of undisbursed commitments. However, if the lines of credit were included the liquidity level would be \$164.8 mn. CDB liquid assets may from time to time fall below the specified minimum due to the timing of its borrowing transactions. At the end of FY 2003, the portfolio was largely composed of assets denominated in US dollars with net exposure to short-term interest rates. The returns of the liquid asset portfolio in FY 2003 compared to FY 2002 are presented in Table III.7.

**Table III.7**  
**Liquid Asset Portfolio Return**  
**Financial return (%)**

	FY 2003	FY 2002
Overall Portfolio	2.15	3.37
US Dollar Portfolio	1.75	3.01

Credit risk is measured in terms of both probable and potential losses from protracted payments arrears. Probable losses are covered by CDB's accumulated provision for losses on loans and guarantees, and potential losses are covered by income-generating capacity and equity.

### Interest Rate Risk

The main source of potential interest rate risk to CDB is the interest rate spread between the rate CDB earns on its assets and the cost of borrowings. In general, lower nominal interest rates result in lower lending rates that, in turn, reduce the nominal earnings on CDB's equity. Interest rate risk also arises from a variety of other factors, including differences in the timing between the contractual maturity or repricing of CDB's assets, liabilities and derivative financial instruments. On floating rate assets and liabilities, CDB is exposed to timing mismatches between the re-set dates on its floating rate receivables and payables.

### Exchange Rate Risk

In order to minimise exchange rate risk in a multicurrency environment, CDB matches its borrowing obligations in any one currency (after swap activities) with assets in the same currency. This

policy is designed to minimise the impact of market rate, thereby preserving CDB's ability to better absorb potential losses from arrears.

### Operational Risk

Operational risk is the potential for loss resulting from inadequate or failed internal processes or systems, human factors, or external events, and includes business disruption and system failure, transaction processing failures and failures in execution of legal, fiduciary and agency responsibilities. Like all financial institutions, CDB is exposed to many types of operational risks, which it attempts to mitigate by maintaining a system of internal controls designed to keep that risk at appropriate levels in view of the financial strength of CDB, the activities it carries out, and the kind of markets in which CDB operates.

CDB's seeks to adopt best practice approach to operational risk management and continues to evolve. CDB monitors and controls operational risk through business process reviews, annual representation letters, and compliance reviews by its external auditors in the finance, operations and information systems areas. These tools are designed to help departments identify key operational risks and assess the degree to which they mitigate these risks and maintain appropriate controls. CDB plans to enhance its risk management practices by moving towards a comprehensive Bank-wide risk management approach that emphasises active management of operational risk.

### General Governance

#### Board Membership

The member governments appoint members of CDB's Board of Directors. The President Compton Bourne, is the only management member of the Board of Directors, serving as Chairman of the Board. The Directors have established the Audit and Post-Evaluation Committee (APEC) that serves an oversight function.

#### Audit and Post-Evaluation Committee Membership

APEC consists of four members of the Board of Directors, and is appointed by the Board of Directors for a two-year term, their membership reflecting the geographic diversity of CDB's member countries. Reappointment to a second term, when possible, is desirable for continuity. The Chairman

of APEC may speak in that capacity at meetings of the Board of Directors, during discussions held at meetings of the Committee, which meets at least twice per year.

### Key Responsibilities

The Audit and Post-Evaluation Committee's main function is to assist the Board of Directors in discharging its oversight responsibility for the financial reporting process, the system of internal control, the internal and external audit functions, risk management and the project implementation process. The Committee also monitors the evolution of developments in corporate governance.

The Committee assesses the effectiveness of financial policies and reporting, fiduciary controls, various aspects of financial, business, and operating risk, quality of earnings, and internal controls as well as the efficiency and effectiveness of project activities. In addition, the Committee discusses with management and the external auditors, financial issues and policies that have an important bearing on the institution's financial position and risk-bearing capacity. Work programmes and reports prepared by the Evaluation and Oversight Division and the Internal Audit Unit of the President's Office are also reviewed by the Committee.

The Audit and Post-Evaluation Committee meets with management and the external auditors to discuss financial and accounting matters and the proposed annual audit plan and audit fees. The audited financial statements are discussed by APEC along with the management and the external auditors, prior to its recommendation to the Board for their approval.

The Committee also meets with the management of the Evaluation and Oversight Division to discuss projects evaluated by the Division with a view to improving the efficiency and effectiveness of project activities. Lessons learnt from these studies are then fed back into the Bank's system to draw on in similar projects, and where necessary, policies and changes to existing policies are recommended to the Bank's Management.

The processes by which CDB manages its risk continue to evolve as its activities change in response to market, credit, and other developments. APEC members periodically review trends in CDB's risk profiles and performance, as well as any significant developments in risk management policies and controls.

Primary responsibility for the management of operational risk resides with each of CDB's managers. These individuals are responsible for establishing, maintaining and monitoring appropriate internal control procedures in their respective areas.

### Financial Statement Reporting

CDB prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). Effective January 1, 2001, CDB adopted IFRS 39, Accounting for Derivative Instruments. As defined and required by IFRS 39, CDB has marked all derivative instruments to fair value and reported in the balance sheet with changes in the fair value recognised in current net income.

The standards require that all derivatives, as defined by IFRS 39, be recorded on CDB's balance sheet at their fair value. Additionally, the standards allow CDB to designate hedging relationships and, if certain criteria are met, follow the requirements for hedge accounting.

### Results of Operations

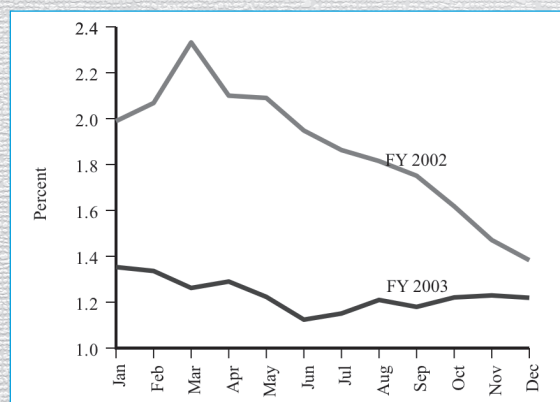
To a significant degree, the change in CDB's net income during FY 2003 was due to changes in the interest rate environment.

### Interest Rate Environment

During FY 2003, interest rates for most currencies were significantly lower than in FY 2002. In addition, interest rates declined in both years. The US dollar short-term interest rates (six-month LIBOR) depicted in Figure III.3 illustrate these trends.

Figure III.3.

LIBOR Interest Rates – US Dollar



## Operating Income

CDB's operating income can be seen as broadly comprising a spread on earning assets, plus the contribution of equity, less provisions for loan losses and administrative expenses. Table III.8 summarises a breakdown of income statement.

Table III.8 Net Income (In \$ millions)		
	FY 2003	FY 2002
Interest income		
Loan	29.5	28.0
Investments	3.0	4.2
Total interest income	32.5	32.2
Funding costs	(8.8)	(11.6)
	—	—
Interest income net of funding costs	23.7	20.6
Net non-interest expense	(3.7)	(5.0)
	—	—
Operating Income	20.0	15.6
Effects of applying IFRS 39	1.9	11.6
	—	—
Net Income – Reported Basis	21.9	27.2

FY 2003 operating income was \$20.0 million, \$4.4 million higher than for FY 2002. The main reason for the increase in operating income was primarily a reduction in funding costs and to a lesser extent a reduction in net non-interest expense.

Loan interest income increased by \$1.5 mn primarily due to the growth in the loan portfolio.

Investment income decreased by \$1.2 million in FY 2002 due primarily to changes in US dollar short-term interest rates.

Other sources of income increased by \$2.0 million due primarily to a gain realised in the settlement of the shares of France during the year, and the sale of a hotel in the Cayman Islands which was previously in non-accruing status.

Borrowing expenses for FY2003 were \$8.8 mn, down \$2.8mn or 24% from \$11.6 mn at the end of FY 2002. The decline in borrowing expenses was due primarily to the general decline in the interest rate environment.

## Net Non-interest Expense

The main components of net non-interest expense are presented in Table III.9.

**Table III.9: Net Non-Interest Expense (In \$ millions)**

	FY 2003	FY 2002
Gross Administrative expense	18.6	17.5
Less:		
SFR share of expenses		
SDF	(10.7)	(9.8)
OSF	(1.2)	(1.4)
Other income	(3.1)	(1.4)
	—	—
Net non-interest expense	3.6	4.9

**OCR loan approvals, disbursements, repayments, and prepayments:** In FY 2003, 22 loans totaling \$149.4 mn were approved, compared with 21 loans totaling \$89.3 mn approved in FY 2002. Of the FY 2003 amount, 63% of the value of loans was due to the Caribbean Court of Justice loan. The three largest beneficiaries were Trinidad and Tobago, Jamaica and Guyana, accounting for 56% of total approval for the year. Disbursements in FY2003 totaled \$79.7 mn, an increase of 7.7% from \$74.0 mn in FY2002. The cumulative disbursements as of December 31, 2003 were \$825.7 mn. Principal repayments for the year were \$31.5 mn, while the cumulative principal repayments amounted to \$308.4 mn.

**Status of loans:** As of 31 December 2003 the loan portfolio outstanding amounted to \$513.0 mn representing a growth of about 11%, or \$50.7 mn over \$462.3 mn at December 31, 2002. There were no non-accruing loans in the loan portfolio at the end of the year.

**Portfolio position:** The OCR investment portfolio amounted to \$136.1 mn at the end of 2003, compared with \$95.0 mn at the end of 2002. The increase in the investment portfolio was due to a borrowing amount of \$60.0 mn contracted during the second quarter of the year. The portfolio was

held primarily in US dollars accounting for about 76%, while the remaining 24% is distributed among 12 currencies of some of its members.

## IFRS 39 Adjustments

CDB has marked all derivative instruments, as defined by IFRS 39, to market. As discussed earlier CDB uses derivatives to modify fixed US dollar and non-US dollar borrowings to variable US dollar borrowings as required.

Net Income for FY 2003 on the reported basis declined by 21% to \$21.9 mn from \$27.2 mn in FY 2002. This was due to the effects of applying IFRS 39 that resulted in a net trading income of \$1.9 mn as against net trading income of \$11.6 mn in FY 2002. It should be noted that during the year, a cross currency swap previously designated as a fair value hedge was deemed to be a trading item. A cumulative prior year adjustment of \$17.3 mn was made to reflect the transaction resulting in an increase in FY 2002 net income of approximately \$13.0 mn and retained earnings at January 1, 2002 of \$4.3 mn.

## Special Funds

CDB is authorised by its Charter to establish and administer Special Funds. The Special Funds Resources being administered as of 31 December 2003 were the Special Development Fund (SDF), the Other Special Fund (OSF).

### Special Development Fund

The core priorities of the SDF operations since the approval of its new policy framework in 2001, has been the enhancement of the capabilities of the poor and those who are vulnerable to poverty, the reduction of vulnerability of the deprived groups, and good governance to support poverty reduction and broad-based, sustainable economic growth. This included strengthening the BNTF programme, and improving access for students from poor and vulnerable households to the student loan programme.

Programmes targeted at the poor are an important part of the SDF, the BNTF and Social Investment Fund (SIF) Programmes that have been developed to meet the needs of poor communities, to improve access to public services and to develop the skills needed to increase employability. The BNTF programme makes a valuable contribution in the areas of capability enhancement,

reduction of vulnerability, and good governance at the community level. The principal difference of the SIF programmes provided to BMCs, however, is that these are financed by SDF loans rather than grants as in the case of the BNTF.

**Review of activities:** In FY 2003, six loans totaling \$29.9 mn were approved, compared with 25 loans totaling \$29.8 mn approved in FY 2002. During the year most of the SDF loan resources were focused on capacity enhancement. The Bank made five loans amounting to \$26.5 mn or 89% of total approvals. Of this amount 83% (\$24.7 mn) went to Guyana, 4% (\$3.4 mn) was for Dominica and 2% (\$0.5 mn) was for student loans in St. Kitts. The remaining \$3.4 mn or 11% of total approvals was for reducing the vulnerability of the poor in Belize. At the end of the year, cumulative approvals from SDF resources were \$593.8 mn. Loan disbursements during FY 2003 totaled \$33.3 mn, a decrease of 8.9% from \$36.5 mn in FY 2002. Loan repayments during the year amounted to \$16.4 mn, and cumulative repayments were \$216.4 mn. Contributions during the year amounted to \$35.5 mn.

The technical assistance grants funded by the SDF continued to support CDB operations aimed at reducing poverty. In FY 2003, CDB approved 41 technical assistance grants for SDF funding totaling \$2.6 million compared with 39 technical assistance operations for amounting to \$4.6 mn in FY 2002. Disbursements of grants during FY 2003 amounted to \$2.9 mn, an increase of 38 % from 2.1 mn in FY 2002.

**Sectoral activities:** In 2003, the SDF financed 51% of the total amount of technical assistance approved by CDB,

**Status of loans:** As of 31 December 2003, SDF loans outstanding amounted to \$340.7 mn, an increase of 5.4% or \$17.5 mn when compared with \$323.2 mn at the end of FY 2002. There were overdue debt service payments on loans of \$164,000 (2002 - \$200,000) in the SDF loan portfolio at the end of the year.

**Portfolio position:** The SDF investment portfolio amounted to \$131.8 mn at the end of 2003, compared with \$102.9 mn at the end of 2002. The financial rate of return on SDF investment portfolio declined to 2.13% in FY 2003 from 4.93% in FY 2002. As discussed earlier, this was due to changes in the interest rate environment. The portfolio was held in four currencies, with US dollars accounting



for about 91%, Swedish Kroners and Euros with 6% and 2% respectively, of portfolio holdings.

**Financial performance:** Net Income for FY 2003 amounted to \$3.1 mn, up 5.4% from \$2.9 mn in the FY 2002. While income from loans increased by 5.1% to \$8.2 mn from \$7.8 mn in the previous year, this was offset by a decline of 48.4%, or \$2.4 mn in the income from the investment portfolio to \$2.7 mn from \$5.3 mn in FY 2002. Total expenses for the year were \$7.9 mn, compared with \$10.2 mn in FY 2002. The primary contributor in the reduction in expenses was the exchange rate gain of \$3.2 mn.

### Other Special Fund

**Review of activities:** The technical assistance grants funded by the OSF continued to support CDB operations aimed at reducing poverty. In FY 2003, CDB approved 18 technical assistance grants for OSF funding totaling \$2.5 million. Disbursements on grants amounted to \$5.8 mn, including \$2.6 mn for HIPC support to Guyana, an increase of 11% when compared with disbursements of \$5.2 mn in the previous year. Loan approvals in FY 2003 amounted to \$13.1 mn while disbursements totaled \$3.6 mn, about the same level as in the previous year. Repayments of principal on loans during the year amounted \$2.0 mn, and cumulative repayments amounted to \$128.1 mn. At December 31, 2003 cumulative disbursements of OSF resources amounted to \$302.6 mn.

**Status of loans:** As of 31 December 2003, the loan portfolio outstanding amounted to \$51.6 mn representing a growth of about 9.5%, or \$4.5 mn

over \$47.1 mn at December 31, 2002. There were overdue debt service payments on loans of \$18,000 (2002 - \$54,000) in the loan portfolio at the end of the year.

**Portfolio position:** The OSF investment portfolio amounted to \$111.4 mn at the end of 2003, compared with \$98.8 mn at the end of 2002. The financial rate of return on OSF investment portfolio declined to 2.99% in FY 2003 from 4.39% in FY 2002. Again, this was due to changes in the interest rate environment. The portfolio was held primarily in two currencies, with two currencies accounting for 98%, US dollars 77%, and Canadian dollars 21% of portfolio holdings.

During the year the increase in the amounts available on contributions increased \$7.5mn or 10.4% compared with the previous year.

**Sectoral activities:** In 2003, the OSF financed 49% of the total amount of technical assistance approved by CDB.

**Financial performance:** Net Income for FY 2003 amounted to \$1.6 mn, down \$1.1 mn, or 40.6% from \$2.7 mn in the FY 2002. This was due primarily to the 33% decline in investment income to \$2.9 mn from \$4.4 mn in FY 2003.

## FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT ACCOUNTANTS

The Financial Statements and Reports of Independent Accountants in respect of the OCR, SDF and OSF are shown in Part V.

## Part IV

# Organisation and Administration

### MEMBERSHIP

In the first quarter of 2003, the Bank began to work actively towards the implementation of a plan of action for the expansion of non-borrowing membership. A CDB delegation visited Spain, where they met with a number of senior officials and took the opportunity to brief them on the Bank's work in support of the development of the Region.

The Spanish officials were interested in getting a better understanding of the Caribbean Region and pleased to accept CDB's invitation to visit CDB for further discussions at a mutually convenient time. Spain was also represented at this year's CDB Annual Meeting, held in St. Kitts and Nevis in May.

The Bank undertook several other activities in an effort to initiate dialogue with other potential non-borrowing members such as Brazil, India, Sweden, Japan and Puerto Rico.

With respect to borrowing membership, the Board of Governors approved Haiti's membership in CDB and the Haitian authorities are taking the steps necessary to complete formalities for accession to membership. The Bank continues to follow up with the Surinamese Authorities on the status of outstanding requirements for completing the formalities for membership in CDB. The Bank has also initiated discussions with other potential borrowing members including the Dominican Republic and Costa Rica.

During the year, a number of high-level delegations visited the Bank, where they held wide-ranging discussions with the Bank's President and senior management. Among those visiting were delegations from Belgium, Sweden, Japan, and Cuba, as well as from development financing institutions such as the IDB. In a number of cases, follow-up discussions were held with a view to expanding cooperation between CDB and these countries or institutions.

### BOARD OF GOVERNORS

The Thirty-Third Annual Meeting of the Board of Governors was held in St. Kitts and Nevis on May

14 and 15, 2003. The CDB President spoke on the topic "**Natural Hazard Vulnerability and Caribbean Economic Development**", in his Annual Statement to the Governors. He highlighted the consequences of natural disasters and their immediate impact on societies, including the possible loss of national income through destruction of productive capacity, advocated the establishment of a structured financial programme for investments in disaster mitigation, and called for more active government leadership in promoting natural hazard mitigation.

On May 13, the Governors participated in a discussion session entitled "**Fiscal Sustainability in Small Open Economies**".

The Governor for Trinidad and Tobago was elected Chairman, and the Governors for Colombia and the United Kingdom were elected Vice-Chairmen for the period up to and including the next Annual Meeting, which is to be hosted by the Government of Trinidad and Tobago in 2004.

### BOARD OF DIRECTORS

During 2003, the Board of Directors held five scheduled meetings, in addition to a special meeting in February, which was called to discuss the Bank's involvement in mobilising funding for the Caribbean Court of Justice (CCJ). At this special meeting, the Board authorised CDB to borrow an amount not exceeding \$96 mn on the international capital market to lend to 11 BMCs as their contribution towards the establishment and operation of the CCJ.

The Board also met twice as a budget committee to examine the operational and planning framework for the administrative and capital budgets for 2004, and approved the "Work Programme and Administrative and Capital Budgets for 2004". The Board approved 23 project loans totalling \$189.7mn, as well as 56 TA grants totalling \$4.5 mn.

The Change Management Task Force of the Board, chaired by the Director for Trinidad and Tobago, met on three occasions. The Task Force met with representatives of the management and staff, and was able to report to the Board of Directors on the progress of the Change Management Programme initiated by the Bank.

Approval was granted for a Private Sector Development Policy and Operational Guidelines to govern CDB's interventions in the private sector.

Consideration was also given to a number of policy and operational issues pertinent to the Bank's operation, including papers on topics such as Governance and Institutional Development and a Human Resource Development Policy.

CDB reviews the interest rate charged on loans from its OCR twice a year – in May for implementation from July 1, and in October for implementation from January 1 of the following year. On both occasions, the Board agreed that there would be no change in the existing rates of 5.50% for all loans approved after April 1, 1984 to the public sector and private sector financial intermediaries, and after April 1, 1984, but before March 15, 1991, directly to the private sector. There was also no change in the rate of 7.50% for all loans approved directly to the private sector after March 15, 1991.

## **AUDIT AND POST-EVALUATION COMMITTEE**

The Audit and Post Evaluation Committee (APEC) is made up of four members of the Board of Directors who were appointed by the Board for the following two-year terms:

### **2002/2004**

- (a) the representative from the non-regional, non-borrowing Members - the Director for Italy; and
- (b) the representative from the lesser developed BMCs - the Director for Dominica and St. Lucia.

### **2003/2005**

- (a) the representative from the more developed BMCs - the Director for Trinidad and Tobago; and
- (b) the representative from the regional non-borrowing Members - the Director for Colombia.

The Committee is advisory in nature and its main function is to assist the Board of Directors in discharging its oversight responsibility for the financial reporting process, the system of internal control, the internal and external audit functions and the project evaluation process.

Three meetings of APEC were held in 2003, during which members reviewed the 2002 Audited Financial Statements and the proposed fees, timetable and work plan for the 2003 audit presented

by the external auditors, PricewaterhouseCoopers, as well as reports prepared by the Internal Audit Unit and the new Evaluation and Oversight Division of the President's Office.

## **INFORMATION AND TECHNOLOGY MANAGEMENT SERVICES**

### **Network Enhancements**

By the end of 2003, CDB had seen a significant change in its ICT infrastructure having introduced a new standard for the end-user computing environment. The new Windows platform, which has matured industry-wide over recent years and has increased its market share, replaced the UNIX environment, which had served the Bank well in its first nine years of desktop computing. From the perspective of compatibility with others, availability of applications and tools and user familiarity, significant benefits are expected from this transition and increased user satisfaction is already being perceived. There is, however, the challenge of system security, which the Bank has been addressing with even greater diligence. The Bank's firewall has been upgraded and procedures put in place for the continuous upgrading of antivirus protection software and systems.

Telecommunications technology has also been a focus during the year. The Bank has continued to monitor the changes resulting from sector liberalisation and has been seeking to position itself to take advantage of opportunities for cost saving and for reliability of service. In this regard, a satellite base station has been installed and work has begun on establishing a fully redundant link to the internet.

### **Training**

Several initiatives were undertaken to improve the level of knowledge and skills of the technical resources so as to improve the quality of the ICT solutions provided. The main areas of focus were security, development and web-based tools and knowledge management.

### **Development Partnerships**

The Bank has collaborated with other development agencies and regional organisations to en-

sure that resources available to support ICTs for development in the Region are effectively used. Participating in a group called Caribbean Technology Partners, CDB along with other partners such as CIDA, ITU, UNESCO, CTU and OUR collaborated on a programme of priority activities to which resources will be directed. CDB financed the participation of persons from its BMCs in the workshop on Universal Access, held in Jamaica in December 2003. Assistance was also provided to the participating countries of the BNTF in enhancing the management and reporting facilities of their project portfolios.

### **Outreach Services**

In keeping with the Bank's strategic focus of sharing and exchanging development information, efforts continued towards keeping its clients and stakeholders informed on topical issues impacting on the region through open and flexible discussion forums.

### **Policy Development**

Users are now required to take more responsibility for their actions to prevent malicious damage to the Bank's network resources from viruses and other harmful programs. As a consequence, policies have been developed stipulating greater user awareness and diligence in protecting the Bank's information and technology resources. Draft information and knowledge management policies have also been crafted, aimed at effecting more leverage of information and knowledge resources available to the Bank.

### **Business Processes Development and Enhancements**

Continuous process reviews and system upgrades were undertaken during the year. Utilising state-of-the art software development and corporate reporting tools and also by leveraging the internet, intranet, and extranet technologies, several of the Bank's major applications were extensively enhanced. These enhancements provided improved value-added functionalities to users in communications, corporate reporting, project cycle management, records management, budget and expense management, advanced work flow processes and system integration.

## **HUMAN RESOURCES MANAGEMENT**

### **Organisational Reform**

In 2003, the Bank accelerated implementation of internal reforms that will refocus its technical and human resource management processes for the achievement of the Strategic Plan 2000-2004 and its future vision. These initiatives flow from key senior management decisions on staff's recommendations in the Outcome Mapping sessions, and the subsequent Change Management Implementation Plan as well as the Review of Organisation and Business Processes of the Corporate Services Area. This entailed staff across the Bank in detailed planning sessions. The Board and Management were committed to ensuring that all should fully understand and buy-in to the strategic vision of the Bank. These efforts should bear fruit in the years ahead as the changes result in increased efficiency and responsiveness to the needs of the Bank's clients.

Commencing in January 2003, the Projects Department underwent a full reorganisation to promote private sector involvement in social programme delivery in the Region. The structure includes a new private sector development division, which will work with the two public sector divisions to deliver holistic solutions to core problems in BMCs. An equally important development is the rationalisation of the project development and approval process, the net result of which is expected to be faster project starts and greater impact on poverty issues.

A new Evaluation and Oversight Division (EOV) was created in 2003 from two previously existing units – Post-Implementation Evaluation Unit (PIEU) and Portfolio Monitoring and Performance Unit (PMPU).

EOV reports directly to the Board of Directors through the President. EOV is responsible for the independent evaluation of projects, programmes and technical assistance financed by the Bank, and strategies, policies and activities that support the development effectiveness of the Bank. Recommendations for improvement are then disseminated within the Bank and to the Borrowing Member Countries to improve performance of ongoing activities, including the design and appraisal of new operations. In addition, EOV provides oversight for

enhancing the effectiveness and efficiency of all Bank activities.

### Policy and Process Changes

In June, the Bank commissioned an independent review of the operation of the compensation policy and system introduced in late 2000 to identify any operational shortcomings. Recommendations for improvements to CDB's compensation methodology and procedure based on this review were approved by Senior Management in November; these are slated for implementation in the first quarter of 2004.

In keeping with the Bank's strategic emphasis on inculcating a results-oriented culture, a new individual performance management system, "Continuous Performance Improvement" (CPI), was introduced to ensure that the drive for Results-Based Management at the corporate level was reflected in the approach adopted at the individual level. The new system seeks to ensure that an ongoing conversation about performance improvement is maintained between staff and their supervisors.

### Training and Development

During the year, 139 participants spent a total of 1,360 days of skills training in-house at the Bank while another 90 participants spent 60 days in sessions with local providers preparing for the changeover to the new computer operating envi-

ronment. The entire staff was introduced to CPI and Results-Based Management in awareness sessions from February through April, July and September. Supervisory staff received additional skills training in November and December to improve the quality of communication, coaching, and con-

### Awards

flict resolution skills across the organisation. Additionally 11 persons proceeded abroad on accredited short programmes designed to provide specialised techniques for service delivery in certain areas.

At its annual Long Service and Distinguished Awards Ceremony this year, the Bank gave recognition to 17 persons with ten to 30 years of dedicated service. Five of these had been with the Bank for a quarter century while another three had earned the distinction of attaining thirty years.

Also, in keeping with its emphasis on performance excellence, the President took the opportunity at the function to acknowledge the contributions during 2002 of five outstanding performers from across the organisation.

### Loss of Colleague

In October, the staff were deeply saddened by the loss of a much loved and respected colleague who died at the age of 48, after nearly 17 years' service to CDB.

### Staff

The following table represents the total CDB staff positions as at December 31, 2003. Of those staff provided to CDB under Technical Assistance two were financed by the United Kingdom, one by CIDA and two by USAID.

**Table IV.1**  
**CDB Staff Positions**

	<b>Established Positions</b>	<b>Budgeted Staff in Place</b>	<b>OCR Consultants</b>	<b>Provided to CDB</b>	<b>Provided by CDB to Member Countries</b>	<b>Total in Place</b>
MPS	99	85	10	4	2	101
SS	98	96	0	1	0	97
<b>Total</b>	<b>197</b>	<b>181</b>	<b>10</b>	<b>5</b>	<b>2</b>	<b>198</b>

ronment. The entire staff was introduced to CPI and Results-Based Management in awareness sessions from February through April, July and September. Supervisory staff received additional skills training in November and December to improve the quality of communication, coaching, and con-

### Information

The information programme for 2003 was designed to make CDB a better known entity in the regional communities that it serves and in the international financial markets from which it borrows from time to time. This objective was

achieved by a variety of means, including news conferences, interviews and various publications, as well as through the CDB website.

As part of this information dissemination thrust, early in the new year the President held a news conference at headquarters to apprise local and regional journalists of the performance of the Bank and the economies of its BMCs during the period under review. News from this event was widely disseminated through the print and electronic media. Members of senior management also granted interviews to the media on issues of major importance to the Region.

With regard to publications, the 2002 Annual Report was distributed at the Annual Meeting in St. Kitts and Nevis. It was issued in the form of booklets as well as CDs, and was also posted on the website. A photographic exhibition highlighting projects being funded by CDB in various BMCs was mounted at the Annual Meeting.

Four issues of the **CDB News** were distributed to staff as well as individuals and institutions on the mailing list to inform the recipients about the activities of the Bank in the preceding quarter.

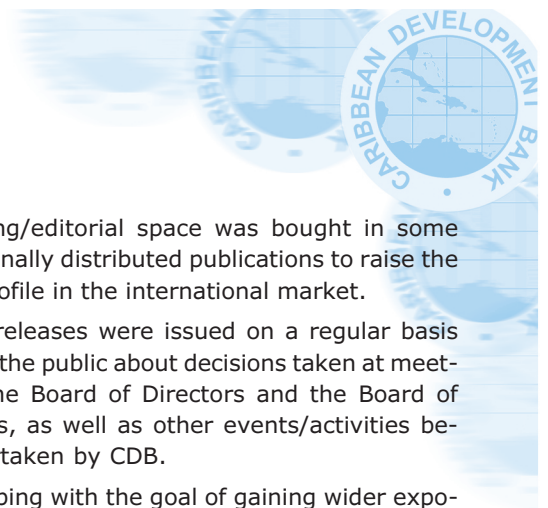
Advertising/editorial space was bought in some internationally distributed publications to raise the Bank's profile in the international market.

News releases were issued on a regular basis to inform the public about decisions taken at meetings of the Board of Directors and the Board of Governors, as well as other events/activities being undertaken by CDB.

In keeping with the goal of gaining wider exposure for the work of the Bank, arrangements were made with the local television station in Barbados for a crew to cover the Annual Meeting and to distribute the news material to other broadcasting companies in the Region.

The Information Officer collaborated with staff of other departments to plan and publicise a number of conferences, discussion sessions and other events organised by them. She also worked closely with the Change Management Team on the communications aspect of the CMP.

A strategic public relations plan was formulated for 2004 to further enhance the Bank's public image.



Part V

**Financial Statements and  
Reports of Independent  
Accountants**



February 27, 2004

AUDITORS' REPORT  
TO THE BOARD OF GOVERNORS  
CARIBBEAN DEVELOPMENT BANK

We have audited the accompanying financial statements of the Ordinary Capital Resources of the Caribbean Development Bank (the "Bank") as of December 31, 2003, and for the year then ended as set out on pages 48 to 70. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ordinary Capital Resources of the Caribbean Development Bank as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*PricewaterhouseCoopers*  
CHARTERED ACCOUNTANTS

Antigua Charles W. A. Walwyn Robert J. Wilkinson  
Barbados J. Andrew Marryshow Philip St. E. Atkinson Michael R. Boyce (Principal) R. Michael Bynoe Joyce E. Dear Wayne I. Fields  
Maurice A. Franklin Geoffrey R. Gregory Marcus A. Hatch Stephen A. Jardine Graham A. Kirby Lindell E. Nurse  
Brian D. Robinson Maria E. Evelyn-Robinson Christopher S. Sambrano Paul Tadros R. Charles D. Tibbits Ann M. Wallace-Elcock  
Grenada Philip St. E. Atkinson (resident of Barbados)  
St. Lucia Anthony D. Atkinson Richard N. C. Peterkin



**ORDINARY CAPITAL RESOURCES  
BALANCE SHEET  
December 31, 2003 and 2002  
Expressed in thousands of United States dollars - Note A**

<b>ASSETS</b>	<b>2003</b>	<b>2002</b>
<b>DUE FROM BANKS</b>	8,970	19,227
<b>INVESTMENTS</b> - Trading (Schedule 1) - Note B	136,091	95,050
<b>LOANS</b> (Schedule 2) - Note A	512,996	462,283
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b> - Note G	24,452	18,170
 <b>RECEIVABLE FROM MEMBERS</b>		
Non-negotiable demand notes (Schedule 3) - Note C	47,543	47,045
 Amounts required to meet maintenance of value on currency holdings - Note D	4,203	6,214
 Amounts required to meet maintenance of value on currency holdings out on loans - Note D	1,849	1,366
 Subscriptions in arrears	727	727
	<u>54,322</u>	<u>55,352</u>
 <b>RECEIVABLES - OTHER</b>		
Accounts receivable including interfund receivables	6,091	8,488
 Accrued income on investments and demand notes	1,134	1,567
 Accrued income on loans	5,114	3,988
	<u>12,339</u>	<u>14,043</u>
 <b>OTHER ASSETS</b>		
Property and equipment - Note E	7,006	7,551
	<u>\$756,176</u>	<u>\$671,676</u>

**ORDINARY CAPITAL RESOURCES  
BALANCE SHEET**

**December 31, 2003 and 2002**

**Expressed in thousands of United States dollars - Note A**

**LIABILITIES AND EQUITY**

**LIABILITIES**

Obligation for repurchase of shares - Note H

Accounts payable including  
interfund payables

Accrued charges on borrowings

Amounts required to meet maintenance of value  
on currency holdings - Note D

Amounts required to meet maintenance of value  
on currency holdings out on loans - Note D

**BORROWINGS** (Schedule 4) - Note F

**EQUITY**

Capital stock (Schedule 3) - Note H

Authorised capital - 118,526

(2002 - 118,526) shares

Subscribed capital - 107,971

(2002 - 107,971) shares

Less callable capital - 84,328

(2002 - 84,328) shares

Paid-up capital - 23,643

(2002 - 23,643) shares

Less subscriptions not yet matured

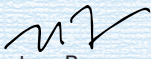
Subscriptions matured

Retained earnings - Note I

Reserves - Note J

	<b>2003</b>	<b>2002</b>
	-	8,470
	6,872	8,994
	2,100	2,102
	2,928	50
	718	15
	<u>12,618</u>	<u>19,631</u>
	317,344	250,192
	<u>329,962</u>	<u>269,823</u>
	705,041	705,041
	549,345	549,345
	<u>155,696</u>	<u>155,696</u>
	-	1,973
	<u>155,696</u>	<u>153,723</u>
	256,408	234,020
	14,110	14,110
	<u>426,214</u>	<u>401,853</u>
	<u>\$756,176</u>	<u>\$671,676</u>

Approved by:

  
Compton Bourne, Ph.D.  
President

  
Wm. Warren Smith  
Director, Finance & Corporate Planning

Date:

February 27, 2004

**ORDINARY CAPITAL RESOURCES**  
**STATEMENT OF CHANGES IN EQUITY**  
**December 31, 2003 and 2002**  
**Expressed in thousands of United States Dollars - Note A**

	<b>Capital stock</b>	<b>Retained earnings</b>	<b>Reserves</b>	<b>Total</b>
Balance at January 1, 2002 as previously reported	149,539	202,121	14,110	365,770
Effect of hedged derivative now classified as trading - Note G	-	4,286	-	4,286
As restated	149,539	206,407	14,110	370,056
Currency translation adjustments	-	432	-	432
Net income for the year as restated - Note G	-	27,181	-	27,181
Subscriptions matured during the year	4,184	-	-	4,184
Balance at December 31, 2002	153,723	234,020	14,110	401,853
Balance at January 1, 2003	153,723	234,020	14,110	401,853
Currency translation adjustments	-	447	-	447
Net income for the year	-	21,941	-	21,941
Subscriptions matured during the year	1,973	-	-	1,973
Balance at December 31, 2003	155,696	256,408	14,110	426,214

**ORDINARY CAPITAL RESOURCES**  
**STATEMENT OF INCOME**  
**For the years ended December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

	<b>2003</b>	<b>2002</b>
<b>INCOME</b>		
From loans		
Interest	26,886	25,414
Commitment fees and other charges	2,635	2,610
	<hr/>	<hr/>
Total	29,521	28,024
From investments and cash balances - Note B	3,015	4,169
From other sources	2,132	135
Exchange	942	1,261
	<hr/>	<hr/>
<b>GROSS INCOME</b>	35,610	33,589
	<hr/>	<hr/>
<b>EXPENSES</b>		
Charges on borrowings		
Interest expenses	9,708	8,278
Other financial (income)/expenses	(859)	3,329
	<hr/>	<hr/>
Total	8,849	11,607
Administrative expenses 1/ - Notes A, L and M	6,771	6,354
Net trading income - Notes A and G	(1,951)	(11,553)
	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	13,669	6,408
	<hr/>	<hr/>
<b>NET INCOME FOR THE YEAR</b>	\$21,941	\$27,181
	<hr/> <hr/>	<hr/> <hr/>

1/ Administrative expenses are shown net of expenses allocated to Special Funds Resources of \$9,321,000 (2002 - \$8,529,000) and of other recoverables of \$20,000 (2002 - \$36,000).

**ORDINARY CAPITAL RESOURCES**  
**STATEMENT OF CASH FLOWS**  
**For the years ended December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

	2003	2002
Operating activities:		
Net income for the year	21,941	27,181
Adjustments for non-cash items:		
Unrealised loss on trading portfolio	267	131
Depreciation	1,617	1,799
Amortisation of finance costs	306	81
Net trading (income)/expense	(1,951)	(11,553)
Interest income	(30,182)	(29,811)
Interest expense	8,543	11,526
Provision for losses on loans	(712)	-
Decrease/(increase) in accounts receivable including interfund receivables	2,092	(2,329)
(Decrease)/increase in accounts payable including interfund payables	(10,592)	3,453
Net (increase)/decrease in trading securities	(28,905)	58,301
Total adjustments	(59,517)	31,598
Interest received	29,489	31,274
Interest paid	(8,545)	(12,159)
Net cash (used in)/provided by operating activities	(16,632)	77,894
Investing activities:		
Disbursements on loans	(79,690)	(74,010)
Principal repayments to the Bank on loans	31,498	35,213
Increase in loans resulting from exchange rates fluctuations	(1,809)	(965)
Net additions to property and equipment	(50,001)	(39,762)
Net cash used in investing activities	(1,074)	(573)
Net cash used in investing activities	(51,075)	(40,335)
Financing activities:		
Borrowings:		
Drawdowns	64,342	4,513
Repayments	(1,520)	(37,290)
Decrease in borrowings resulting from exchange rates fluctuations	-	(2)
Finance costs paid	-	(3)
Capital subscriptions	1,973	4,184
Decrease in amounts required to maintain the value of currency holdings	5,109	2,369
Increase in other receivables from members	(498)	(1,242)
Net cash provided by/(used in) financing activities	69,406	(27,471)
Translation adjustments	447	432
Net decrease in cash and cash equivalents	2,146	10,520
Cash and cash equivalents at beginning of year	40,483	45,759
Cash and cash equivalents at end of year	42,629	56,279
Represented by:		
Due from banks	8,970	19,227
Time deposits	24,432	21,256
Trading securities	9,227	15,796
	42,629	56,279

**ORDINARY CAPITAL RESOURCES**  
**SUMMARY STATEMENT OF INVESTMENTS**  
**December 2003 and December 31, 2002**  
**Expressed in thousands of United States dollars - Note A**

**SCHEDULE 1**

	<b>2003</b>				
	<b>USD</b>	<b>EUR</b>	<b>CAD</b>	<b>Other Currencies</b>	<b>All Currencies</b>
Government and Agency Obligations	79,734	14,412	4,767	1,055	99,968
Supranationals	9,891	955	845	-	11,691
Time Deposits	12,500	2,811	1,527	7,594	24,432
<b>TOTAL</b>	<b>\$102,125</b>	<b>\$18,178</b>	<b>\$7,139</b>	<b>\$8,649</b>	<b>\$136,091</b>

	<b>2002</b>				
	<b>USD</b>	<b>EUR</b>	<b>CAD</b>	<b>Other Currencies</b>	<b>All Currencies</b>
Government and Agency Obligations	50,529	10,190	3,478	2,680	66,877
Supranationals	2,870	2,167	1,880	-	6,917
Time Deposits	11,023	2,825	-	7,408	21,256
<b>TOTAL</b>	<b>\$64,422</b>	<b>\$15,182</b>	<b>\$5,358</b>	<b>\$10,088</b>	<b>\$95,050</b>

**RESIDUAL TERM TO CONTRACTUAL MATURITY**

	<b>2003</b>	<b>2002</b>
One month to three months	33,402	40,483
Over three months to one year	10,135	15,273
From one year to five years	92,554	39,294
<b>TOTAL</b>	<b>\$136,091</b>	<b>\$95,050</b>

**ORDINARY CAPITAL RESOURCES  
SUMMARY STATEMENT OF LOANS**

**SCHEDULE 2**

**December 31, 2003 and 2002**

**Expressed in thousands of United States dollars - Note A**

Member countries in which loans have been made	Total loans approved 1/	Effective Loans					Out-standing 2/	Percent- age of total loans out- standing
		Loans approved but not yet effective	Signed agree-ments	Principal repaid to bank	Undis-bursed			
Anguilla	10,631	-	10,631	2,211	867	7,553	1.5	
Antigua and Barbuda	19,468	-	19,468	3,602	11,037	4,829	0.9	
Bahamas	50,057	-	50,057	26,613	4,100	19,344	3.8	
Barbados	202,529	-	202,529	41,426	87,244	73,859	14.4	
Belize	92,609	3,656	88,953	11,847	25,242	51,864	10.1	
British Virgin Islands	42,242	7,251	34,991	8,395	3,350	23,246	4.5	
Cayman Islands	43,675	-	43,675	28,079	3,713	11,883	2.3	
Dominica	33,719	-	33,719	3,313	12,742	17,664	3.4	
Grenada	45,200	-	45,200	6,199	16,882	22,119	4.3	
Guyana	44,976	-	44,976	17,032	26,487	1,457	0.3	
Jamaica	238,106	-	238,106	85,880	65,171	87,055	17.0	
Montserrat	485	-	485	485	-	-	0.0	
St. Kitts and Nevis	63,170	7,560	55,610	3,970	17,259	34,381	6.7	
St. Lucia	115,218	-	115,218	14,632	46,281	54,305	10.6	
St. Vincent and the Grenadines	44,809	3,000	41,809	5,709	16,241	19,859	3.9	
Trinidad and Tobago	152,475	-	152,475	38,642	41,255	72,578	14.1	
Turks & Caicos Islands	8,826	-	8,826	2,271	2,106	4,449	0.9	
Regional	16,092	-	16,092	8,067	1,474	6,551	1.3	
<b>TOTAL - December 31, 2003</b>	<b>\$1,224,287</b>	<b>\$21,467</b>	<b>\$1,202,820</b>	<b>\$308,373</b>	<b>\$381,451</b>	<b>\$512,996</b>	<u>100.0</u>	
<b>TOTAL - December 31, 2002</b>	<b>\$1,070,755</b>	<b>\$31,090</b>	<b>\$1,039,665</b>	<b>\$267,252</b>	<b>\$310,130</b>	<b>\$462,283</b>		

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to \$616,000 (2002 - \$313,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

**ORDINARY CAPITAL RESOURCES**  
**SUMMARY STATEMENT OF LOANS** (continued)  
**December 31, 2003 and December 31, 2002**  
**Expressed in thousands of United States Dollars - Note A**

<b>Currencies Receivable</b>	<b>Loans Outstanding 2002</b>	<b>Trans-lation Adjust-ments</b>	<b>Disburse-ments</b>	<b>Sub-Total</b>	<b>Repay-ments</b>	<b>Provision for Losses</b>	<b>Loans Outstanding 2003</b>
Bahamian dollars	55	-	-	55	(20)	-	35
Barbados dollars	182	-	-	182	(35)	-	147
Belize dollars	60	-	-	60	(12)	-	48
Canadian dollars	3,503	793	66	4,362	(522)	-	3,840
Cayman Islands dollars	2	-	-	2	-	-	2
Euros	3,738	761	2	4,501	(1,011)	-	3,490
East Caribbean dollars	1,615	-	202	1,817	(138)	-	1,679
IBRD Units	6,505	-	-	6,505	(677)	-	5,828
Jamaica dollars	12	(2)	-	10	(4)	-	6
Japanese yen	106	12	-	118	(79)	-	39
Pounds sterling	1,974	217	1,961	4,152	(313)	-	3,839
Swiss francs	96	12	-	108	(72)	-	36
Trinidad and Tobago dollars	2,473	16	48	2,537	(220)	-	2,317
United States dollars	442,674	-	77,411	520,085	(28,395)	-	491,690
Sub-Total	462,995	1,809	79,690	544,494	(31,498)	-	512,996
Provision for losses	(712)	-	-	(712)	-	712	-
<b>TOTAL - December 31, 2003</b>	<b>\$462,283</b>	<b>\$1,809</b>	<b>\$79,690</b>	<b>\$543,782</b>	<b>(\$31,498)</b>	<b>\$712</b>	<b>\$512,996</b>
<b>TOTAL - December 31, 2002</b>	<b>\$422,521</b>	<b>\$965</b>	<b>\$74,010</b>	<b>\$497,496</b>	<b>(\$35,213)</b>	<b>-</b>	<b>\$462,283</b>

**MATURITY STRUCTURE OF LOANS OUTSTANDING**

January 1, 2004 to December 31, 2004	26,373
January 1, 2005 to December 31, 2005	38,185
January 1, 2006 to December 31, 2006	45,230
January 1, 2007 to December 31, 2007	43,909
January 1, 2008 to December 31, 2008	42,530
January 1, 2009 to December 31, 2013	178,191
January 1, 2014 to December 31, 2018	106,855
January 1, 2019 to December 31, 2030	31,723

**TOTAL** \$512,996



**ORDINARY CAPITAL RESOURCES  
STATEMENT OF SUBSCRIPTION TO CAPITAL  
STOCK AND VOTING POWER**

**SCHEDULE 3**

**December 31, 2003 and December 31, 2002  
Expressed in thousands of United States dollars - Note A**

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power		Receivable from members
							No. of votes	% of total votes	Non-negotiable Demand Notes
<b>Regional States and Territories:</b>									
Jamaica	19,342	17.91	116,666	91,122	25,544	25,545	19,492	17.54	12,187
Trinidad and Tobago	19,342	17.91	116,666	91,122	25,544	25,545	19,492	17.54	11,044
Bahamas	5,703	5.28	34,399	26,865	7,534	7,534	5,853	5.27	1,720
Guyana	4,167	3.85	25,134	19,633	5,501	5,501	4,317	3.88	3,083
Colombia	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	627
Mexico	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	-
Venezuela	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	1,666
Barbados	3,630	3.36	21,895	17,100	4,795	4,796	3,780	3.40	1,070
Belize	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	-
Dominica	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	286
Grenada	736	0.68	4,439	3,468	971	971	886	0.80	213
St. Lucia	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	360
St. Vincent and the Grenadines	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	97
Antigua and Barbuda	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	296
St. Kitts and Nevis	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	255
Anguilla /1	182	0.17	1,098	857	241	241	)	)	15
Montserrat /1	213	0.20	1,285	1,002	283	283	1,184	1.07	-
British Virgin Islands /1	213	0.20	1,285	1,002	283	283	)	)	-
Cayman Islands /1	213	0.20	1,285	1,002	283	283	)	)	9
Turks and Caicos Islands /1	213	0.20	1,285	1,002	283	283	)	)	-
	<b>68,462</b>	<b>63.43</b>	<b>412,944</b>	<b>322,518</b>	<b>90,426</b>	<b>90,429</b>	<b>70,862</b>	<b>63.75</b>	<b>32,928</b>
<b>Non-Regional States:</b>									
Canada	10,402	9.63	62,742	49,002	13,740	13,740	10,552	9.50	6,222
United Kingdom	10,402	9.63	62,742	49,002	13,740	13,740	10,552	9.50	2,150
Italy	6,235	5.77	37,608	29,374	8,234	8,234	6,385	5.75	694
Germany	6,235	5.77	37,608	29,374	8,234	8,234	6,385	5.75	5,549
China	6,235	5.77	37,608	29,374	8,234	8,234	6,385	5.75	-
	<b>39,509</b>	<b>36.57</b>	<b>238,308</b>	<b>186,126</b>	<b>52,182</b>	<b>52,182</b>	<b>40,259</b>	<b>36.25</b>	<b>14,615</b>
<b>SUB-TOTAL</b>	<b>107,971</b>	<b>100.00</b>	<b>651,252</b>	<b>508,644</b>	<b>142,608</b>	<b>142,611</b>	<b>111,121</b>	<b>100.00</b>	<b>47,543</b>
<b>ADDITIONAL SUBSCRIPTIONS</b>									
China			18,804	14,688	4,116	4,113			
Colombia			1,810	905	905	905			
Germany			12,546	9,681	2,865	2,865			
Italy			12,546	9,681	2,865	2,865			
Mexico			6,273	4,841	1,432	1,432			
Venezuela			1,810	905	905	905			
<b>SUB-TOTAL</b>	<b>-</b>	<b>-</b>	<b>53,789</b>	<b>40,701</b>	<b>13,088</b>	<b>13,085</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL December 31, 2003</b>	<b>107,971</b>	<b>100.00</b>	<b>\$705,041</b>	<b>549,345</b>	<b>\$155,696</b>	<b>\$155,696</b>	<b>111,121</b>	<b>100.00</b>	<b>\$47,543</b>
<b>TOTAL December 31, 2002</b>	<b>107,971</b>	<b>100.00</b>	<b>\$705,041</b>	<b>549,345</b>	<b>\$155,696</b>	<b>\$153,723</b>	<b>111,121</b>	<b>100.00</b>	<b>\$47,045</b>

1/ In accordance with Article 3 paragraph 4 of the Agreement establishing the Bank and Board of Governors Resolution No. 4/81, these territories are considered as a single member of the Bank for the purpose of Articles 26 and 32 of the Agreement.

**ORDINARY CAPITAL RESOURCES**  
**SUMMARY STATEMENT OF BORROWINGS**  
**December 31, 2003 and December 31, 2002**  
**Expressed in thousands of United States Dollars - Note A**

**SCHEDULE 4**

	<b>Original amounts 1/</b>	<b>Trans- lation adjust- ments</b>	<b>Repay- ments to date</b>	<b>Currency swap agreements</b>	<b>Undrawn</b>	<b>Out- stand- ing</b>	<b>Cost of borrow- ings %</b>	<b>Due Dates</b>
CDB Market Borrowing:								
6.00% Notes - US\$	50,000	-	-	-	-	50,000	3.88	2008
4.35% Notes - US\$	60,000	-	-	-	-	60,000	6.05	2030
2.75% Notes - US\$	100,000	-	-	15,893	-	115,893	1.56	2022
Floating Rate Note - US\$	60,000	-	-	-	-	60,000	2.34	2013
	<u>270,000</u>	<u>-</u>	<u>-</u>	<u>15,893</u>	<u>-</u>	<u>285,893</u>		
European Investment Bank								
Global Loan II - A - US\$	13,034	-	(1,282)	-	-	11,752	3.35	2003-2011
	<u>13,034</u>	<u>-</u>	<u>(1,282)</u>	<u>-</u>	<u>-</u>	<u>11,752</u>		
International Bank for Reconstruction and Development:								
Loan 3200 CRG - US\$	3,332	-	(2,503)	-	-	829	1.50	1995-2007
Inter-American Development Bank:								
Loan 926/OC-RG - US\$	20,000	-	-	-	(1,130)	18,870	1.41	2003-2021
	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,130)</u>	<u>18,870</u>		
<b>TOTAL - DECEMBER 31, 2003</b>	<b>\$306,366</b>	<b>-</b>	<b>(\$3,785)</b>	<b>\$15,893</b>	<b>(\$1,130)</b>	<b>\$317,344</b>		
<b>TOTAL - DECEMBER 31, 2002</b>	<b>\$329,722</b>	<b>(\$5,043)</b>	<b>(\$80,578)</b>	<b>\$11,563</b>	<b>(\$5,472)</b>	<b>\$250,192</b>		

1/ Net of cancellations and borrowings fully repaid.

**ORDINARY CAPITAL RESOURCES**  
**SUMMARY STATEMENT OF BORROWINGS** (continued)  
**December 31, 2003 and December 31, 2002**  
**Expressed in thousands of United States Dollars - Note A**

**SCHEDULE 4**

<b>Currencies repayable</b>	<b>Out-standing borrowings December 2002</b>	<b>Trans-lation adjust-ments</b>	<b>Draw-downs</b>	<b>Currency swap agreements</b>	<b>Repay-ments</b>	<b>Out-standing borrowings December 2003</b>
United States dollars	250,192	-	64,342	4,330	(1,520)	317,344
<b>TOTAL - DECEMBER 31, 2003</b>	<b>\$250,192</b>	<b>-</b>	<b>\$64,342</b>	<b>\$4,330</b>	<b>(\$1,520)</b>	<b>\$317,344</b>
<b>TOTAL - DECEMBER 31, 2002</b>	<b>\$262,369</b>	<b>(\$2)</b>	<b>\$4,513</b>	<b>\$20,602</b>	<b>(\$37,290)</b>	<b>\$250,192</b>

**MATURITY STRUCTURE OF BORROWINGS OUTSTANDING <sup>1/</sup>**

January 1, 2004 to December 31, 2004	2,639
January 1, 2005 to December 31, 2005	2,677
January 1, 2006 to December 31, 2006	2,719
January 1, 2007 to December 31, 2007	2,637
January 1, 2008 to December 31, 2008	52,565
January 1, 2009 to December 31, 2013	70,127
January 1, 2014 to December 31, 2018	5,391
January 1, 2019 to December 31, 2023	102,696
January 1, 2024 to December 31, 2033	60,000

**TOTAL** \$301,451

1/ Without effect of currency swap agreements.



**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared in accordance with International Financial Reporting Standards. Significant accounting policies are as follows.

**Use of Estimates**

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Significant judgements have been used in the computation of estimated fair values of loans, borrowings, derivative financial instruments, the determination of the adequacy of the provision for loan losses, the determination of net periodic income from pension and other post-retirement benefit plans and the present value of benefit obligations.

**Translation of Currencies**

The financial statements are expressed in United States dollars solely for the purpose of summarising the Caribbean Development Bank's (the "Bank's") financial position and the results of its operations.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars either at the par values established for those currencies with the International Monetary Fund, or where no par values are maintained, at rates which have been determined by the Bank to be appropriate for translation. In general, the rates so determined will be the approximate market rates of exchange prevailing at the dates of the financial statements. Differences in the United States dollar equivalents of opening reserves arising from changes in exchange rates applied at the beginning of the year and at the end of the year are included as translation adjustments in reserves.

Income and expenses in currencies other than United States dollars are translated into United States dollars at applicable rates of exchange on the transaction dates. This practice approximates the application of average rates in effect during the year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

**Capital Stock**

In the Agreement establishing the Bank (the Agreement), the capital stock of the Bank is expressed in terms of United States dollars of the weight and fineness in effect on September 1, 1969 (the 1969 dollar). However, with effect from April 1, 1978, the Second Amendment to the Articles of Agreement of the International Monetary Fund came into force, as a result of which currencies no longer have par values in terms of gold. Prior to December 1986, the Bank had not taken a decision on the implications of this change on the valuation of its capital stock and had translated its capital stock into current United States dollars at the rate of 1.206348 current United States dollars (current dollars) per 1969 dollar. On December 11, 1986, the Board of Directors of the Bank agreed that, until such time as the Agreement may be amended in respect of the standard of value, the expression "United States dollars of the weight and fineness in effect on September 1, 1969" be interpreted, pursuant to Article 59 of the Agreement, to mean the "Special Drawing Right" (SDR) introduced by the International Monetary Fund as the SDR was valued in terms of United States dollars immediately before the introduc-

**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

tion of the basket method of valuing the SDR on July 1, 1974, such value being 1.206348 current dollars for one SDR as at June 30, 1974 (the 1974 SDR).

For the purposes of the financial statements, the Bank has expressed the value of its capital stock on the basis of the 1974 SDR. This will not have any effect on the financial position or results of the operations of the Bank.

**Investments**

Investment securities are held in a trading portfolio and reported at fair market value. Trading securities are initially recognised at cost (which includes transaction costs) and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in investment income. Interest earned whilst holding trading securities is reported as interest income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the Bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

**Loans**

The Bank is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans. The Bank has two categories of loans: (a) variable-rate loans; and (b) fixed-rate loans. The interest rate on variable rate loans is reset semi-annually. The Bank does not currently sell its loans nor does it believe there is a comparable market for its loans. The estimated fair value of loans incorporates the Bank's estimate of the probable expected cash flows of these instruments to the Bank. The estimated cash flows from principal repayments and interest are discounted by the Bank's effective interest rate at the balance sheet date.

All loans by the Bank are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are repayable to the Bank in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the governments of the member countries in which the loans are made. Loans to the private sector are secured by other forms of securities deemed appropriate by the Bank.

A provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate for fixed rate loans and the current interest rate for variable rate loans.

The effective interest rates earned on loans outstanding was 5.56% (2002 - 5.89%).

At December 31, 2003, there were impaired loans with a principal balance outstanding of \$nil (2002 - \$526,000) and with interest of \$nil (2002 - \$67,000).

**Derivative Financial Instruments and Hedging**

The Bank uses interest rate and currency swaps in its borrowings and liability management to take advantage of cost-saving opportunities in the capital markets to lower its funding costs



**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

and ultimately the onlending rate to its borrowers. These derivatives are used to modify the interest rate and/or currency characteristics of the borrowing portfolio. Derivative financial instruments are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivatives held for trading are included in net trading income/expense. While the Bank believes that its hedging strategies achieve its objectives, the application of IAS 39 qualifying hedge criteria would not make fully evident the risk management strategy that the Bank employs.

On the date a derivative contract is entered into, the Bank designates certain derivatives as either (1) a hedge of the fair value of a recognised asset or liability (fair value hedge); or, (2) a hedge of a future cash flow attributable to a recognised asset or liability, a forecasted transaction or a firm commitment (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Bank's criteria for a derivative instrument to be accounted for as a hedge include:

- (a) formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is prepared before hedge accounting is applied;
- (b) the hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period; and
- (c) the hedge is effective on an on-going basis.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that prove to be highly effective in relation to hedged risk are recorded in the income statement, along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk. All of the Bank's qualifying hedges are fair value hedges.

Certain derivative transactions, while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in income.

The Bank has a potential risk of loss if a swap counterparty fails to perform its obligations, and in order to reduce such credit risk, the Bank only enters into long-term swap transactions with counterparties eligible under the Bank's swap guidelines which include the requirement that counterparties have a credit rating of AA or higher. The Bank does not anticipate that any of its counterparties will fail to perform their obligations under such agreements.

**Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

**Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an

**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**Property and Equipment**

Property and equipment are stated at cost and depreciation is provided on the straight-line basis at rates considered adequate to write-off cost of the assets, less salvage, over their useful lives as follows:

	<b>Years</b>
Buildings	25
Furniture and Equipment	4-8
Computers	4
Motor Vehicles	4

Land is not depreciated as it is deemed to have an indefinite life.

**Borrowings**

To ensure funds are available for lending and liquidity purposes, the Bank borrows institutionally and from the private placement market. The Bank issues medium and long-term debt instruments with fixed and floating interest rates. Borrowings are carried on the balance sheet at cost, adjusted for any unamortised premiums or discounts and the effect of hedging instruments. Issuance costs associated with a bond offering are deferred and amortised over the life of the bond.

**Pension Obligations**

The Bank operates a defined benefit scheme and a hybrid scheme, the assets of which are generally held in separate trustee-administered funds. The pension schemes are generally funded by payments from employees and by the Bank, taking account of the recommendations of independent qualified actuaries.

For defined benefit schemes, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who value the plans once every three years. All actuarial gains and losses are spread forward over the average remaining service lives of employees.

**Other Post-retirement Obligations**

The Bank provides post-retirement health care benefits to their retirees. Entitlement to these benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit pension plan. Valuation of these obligations is carried out by independent qualified actuaries.

**Administrative Expenses**

Administrative expenses incurred by the Bank are allocated between the Ordinary Capital Resources and the Special Funds Resources in accordance with a method of allocation approved by the Board of Directors.



**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE B – INVESTMENTS - TRADING**

**Interest Income and Expense**

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

**Comparative Amounts**

Comparative amounts have been restated to conform to current year presentation.

**NOTE B – INVESTMENTS - TRADING**

As part of its overall portfolio management strategy, the Bank invests in government and government guaranteed obligations and time deposits. For government and agency obligations, the Bank may only invest in obligations issued or unconditionally guaranteed by governments of countries with a minimum credit rating of AA; however, if such obligations are denominated in the home currency of the issuer, no rating is required. Investments are permitted in supranational institutions and US Government Agencies that are rated AAA.

The annualised rate of return on the average investments held during the year, including gains and losses both realised and unrealised, was 2.15% (2002 – 3.37%). Realised losses on investments traded during 2003 totalled \$371,186 (2002 - gain of \$258,703), while unrealised losses for 2003 were \$267,054 (2002 - \$130,566).

Cash equivalents included in investments at December 31, 2003 amounted to \$9,227,000 (2002 - \$15,796,000).

**NOTE C - NON-NEGOTIABLE DEMAND NOTES**

The Agreement permits the Bank to accept from a member non-negotiable, non-interest bearing demand notes in place of part of the member's subscription to the paid-up capital which shall be payable in the member's currency and maintenance of value in respect of such part, provided that such currency is not required for the conduct of the operations of the Bank. A member that has issued such demand notes may, at the request of the Bank, convert any of them into interest-bearing notes or into cash to be invested in government securities of that member.

**NOTE D - MAINTENANCE OF VALUE**

In accordance with Article 24 of the Agreement, each member is required to maintain the value of its currency held by the Bank and consisting of or derived as repayments of principal from currencies originally paid to the Bank by the member in respect of capital subscriptions. The Bank is also required to repay to any member an amount of currency equal to the increase in value of its currency, which is held by the Bank in respect of capital subscriptions. The Agreement expressed the standard of value for those purposes in terms of the 1969 dollar and, as indicated in Note A above, on December 11, 1986, the Board of Directors, pursuant to Article 59 of the Agreement, agreed that, until the Agreement be amended in respect of the standard value, the 1969 dollar be interpreted to mean the 1974 SDR, valued as aforesaid. Maintenance of value (MOV) is therefore being determined on the basis of the 1974 SDR, and is treated in the financial statements on this basis. For the purposes of effecting settlement, MOV obligations are established at December 31 in each year. The Board of Directors has agreed that MOV obligations on any part of a member's paid up capital which is represented by loans outstanding be postponed and become payable on each portion of the principal of such loans when such



**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE D - MAINTENANCE OF VALUE** (continued)

portion is repaid to the Bank. MOV obligations which are not so deferred are due for settlement within 12 months of the date established.

**NOTE E - PROPERTY AND EQUIPMENT**

(\$'000)

<b>Cost</b>	<b>Buildings</b>	<b>Furniture &amp; Computers</b>	<b>Motor Equipment</b>	<b>Vehicles</b>	<b>Total</b>
At January 1, 2003	8,426	4,574	3,898	108	17,006
Additions	124	695	198	74	1,091
Disposals	-	-	-	(56)	(56)
At December 31, 2003	8,550	5,269	4,096	126	18,041
<b>Accumulated Depreciation</b>					
At January 1, 2003	3,498	2,890	3,017	50	9,455
Disposals	-	-	-	(37)	(37)
Depreciation expense	333	896	362	26	1,617
At December 31, 2003	3,831	3,786	3,379	39	11,035
<b>Net Book Values</b>					
At December 31, 2003	4,719	1,483	717	87	7,006
At December 31, 2002	4,928	1,684	881	58	7,551

**NOTE F - BORROWINGS**

Borrowings by the Bank for use in the Ordinary operations are limited by resolution of the Board of Governors to the extent of the investment grade callable capital plus paid-in capital and retained earnings amounting to approximately \$802,007,000 (2002 - \$760,442,000). The Board of Directors has restricted such borrowings to 65% of total capitalisation.

The effective cost of borrowings outstanding, including short-term borrowings, during the fiscal year ended December 31, 2003 was 3.10% (2002 - 4.23%).

**NOTE G - DERIVATIVES AND FINANCIAL INSTRUMENTS**

The Bank utilises the following derivative instruments for both hedging and non-hedging purposes:

Currency and Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). Except for certain currency swaps, no exchange of principal takes place. The Bank's credit risk

**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE G – DERIVATIVES AND FINANCIAL INSTRUMENTS (continued)**

represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an on-going basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

The fair value of derivative instruments held at December 31, 2003 is as follows:

	Notional Amount	(\$'000)	
		2003	2002
		Fair values	
		Assets	Assets
Cross Currency Interest Rate Swaps	160,000	21,468	14,105
Interest Rate Swaps	50,000	2,984	4,065
	<b>210,000</b>	<b>24,452</b>	<b>18,170</b>

Net trading gain of \$1,951 is represented by:

	(\$'000)	
	2003	2002
Cross Currency Interest Rate Swaps	(3,033)	(8,390)
Interest Rate Swaps	1,082	(3,163)
Net Trading Income	<b>(1,951)</b>	<b>(11,553)</b>

During the year a cross currency interest rate swap previously designated as a fair value hedge was deemed to be a trading item. As a result a cumulative prior year adjustment of \$17,338 has been made to reflect this transaction resulting in an increase in 2002 net income of \$13,052 and retained earnings at January 1, 2002 of \$4,286.

**NOTE H - CAPITAL STOCK**

In the Agreement, the capital stock of the Bank is expressed in terms of the 1969 dollar. On December 11, 1986, the Board of Directors, pursuant to its powers of interpretation under Article 59 of the Agreement, agreed that the 1969 dollar be interpreted to mean the 1974 SDR valued as mentioned in Note A and that the value of the capital stock of the Bank be expressed on the basis of the 1974 SDR.

On April 27, 2000, France gave notice of its withdrawal from membership of the Bank. Under Article 42-2 of the Charter, the withdrawal became effective on October 27, 2000. The Charter also provides for the Bank to repurchase the shares of France at a price as shown on the books

**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE H - CAPITAL STOCK** (continued)

of the Bank on the date of cessation of membership. A review of the financial statements has determined the book value of the shares as of October 27, 2000 to be \$8,470,000 after netting off non-negotiable demand notes and maintenance of value amounting to \$3,200,000 and \$1,400,000 respectively. Under Article 42-3 no amount due to France was to be paid before April 27, 2001. In settlement of this obligation, the promissory notes were encashed and the Bank paid \$11,540,409 to France on May 14, 2003. This resulted in an one-off gain of \$1,428,870.

At December 31, 2003, the Bank's authorised capital consisted of 118,526 shares (2002 - 118,526) of which 10,555 shares were unassigned. Each share has a par value of 5,000 1974 SDRs valued at the rate of \$1.206348 per 1974 SDR. Of the authorised capital, 107,971 shares have been subscribed, of which 84,328 are callable capital and 23,643 are paid-up capital. In accordance with the principles set out in Note A - Capital Stock, the value of the subscribed capital expressed in dollars is \$705,041,000 comprising callable capital of \$549,345,000 and paid-up capital of \$155,696,000.

In accordance with Resolutions of the Board of Governors, some members admitted subsequent to the establishment of the Bank were required to pay additional subscriptions on the basis of the 1969 dollar. Consequent on the abovementioned decision of the Board of Directors on December 11, 1986, these subscriptions valued on the basis of the 1974 SDR total \$53,789,000 of which \$40,701,000 is callable and \$13,088,000 is paid-up. These additional subscriptions are subject to the MOV provisions described in Note D.

The callable capital is subject to call only as and when required by the Bank to meet its obligations incurred on borrowings included in, or guarantees chargeable to, the Ordinary Capital Resources of the Bank.

The paid-up capital is payable by instalments and of each instalment 50% is payable in gold or in a convertible currency which is freely and effectively usable in the operations of the Bank or in a currency which is freely and fully convertible into such a currency, provided that, if the currency of a member meets either of these requirements, such payments shall be made in the currency of that member, and 50% shall be paid in the currency of the member subject to the option outlined in Note C.

**NOTE I - RETAINED EARNINGS**

Retained earnings comprise the following elements at December 31, 2003 and December 31, 2002:

	(\$'000)	
	2003	2002
Ordinary reserves	222,372	203,525
Currency translation adjustments	447	432
Surplus	11,648	11,648
Unallocated net income	21,941	18,415
	<b>\$256,408</b>	<b>\$234,020</b>

In accordance with Article 39 of the Agreement, the Board of Governors shall determine at least annually the disposition of the net income of the Bank arising from its Ordinary opera-

**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE I – RETAINED EARNINGS (continued)**

tions. In previous years the net income has been allocated to the Ordinary Reserves of the Bank which may be used, inter alia, to meet possible future losses on loans and guarantees made by the Bank in its Ordinary operations and possible future losses from currency devaluations.

**NOTE J - RESERVES**

**Special**

In accordance with Article 18 of the Agreement, commissions and guarantee fees received on loans made out of the Ordinary Capital Resources of the Bank are required to be set aside in a Special Reserve which shall be kept for meeting liabilities of the Bank. The assets of the Special Reserve are to be held in such liquid form as the Board of Directors may decide.

At the One Hundred and Nineteenth Meeting of the Board of Directors held on July 21, 1988, the Board decided that appropriations to the Special Reserve should be discontinued with effect from January 1, 1989. Pursuant thereto, no commission is charged on loans approved after January 1, 1989 and all amounts received after that date as commission on loans approved before that date are treated as interest and accounted for as such. During 1993, the Special Reserve was converted into United States dollars and is valued at \$6,254,000.

**General Banking Reserve**

Loan loss provisions amounting to \$7,856,000 are deemed to be a provision for general banking risks and were transferred to a general banking reserve.

**NOTE K - PROVISION FOR LOSSES ON LOANS**

The Bank charges income with a provision for losses determined by the policy as stated in Note A - Loans above.

The movements on the provision for loans during the years ended December 31, 2003 and 2002 were as follows:

	(\$'000)
Balance at January 1, 2002	712
Provision taken during the year	–
Balance at December 31, 2002	712
Provision written back during the year	(712)
<b>Balance at December 31, 2003</b>	<b>–</b>

**NOTE L – STAFF COSTS**

	(\$'000)	
	2003	2002
Salaries and allowances	8,732	6,876
Pension costs - hybrid scheme - Note M	342	332
Pension costs - defined benefit plan - Note M	2,077	1,278
Other post retirement benefits - Note M	213	198
	<b>11,364</b>	<b>8,684</b>

**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE M - PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS**

**Pension schemes**

The Bank has a defined benefit scheme and a hybrid scheme for securing retirement pensions and other benefits for the eligible employees of the Bank. Both schemes are final salary defined benefit plans. These Plans are valued by independent actuaries every three years using the projected unit credit method. The most recent actuarial valuations were carried out as at January 1, 1999.

The amounts recognised in the balance sheet are as follows:

	(\$'000)	
	<b>2003</b>	<b>2002</b>
Present value of funded obligations	33,719	30,012
Fair value of plan assets	(29,768)	(25,701)
	3,951	4,311
Unrecognised actuarial loss	(4,129)	(3,895)
Unrecognised transitional liability	-	(30)
(Asset)/liability on balance sheet	(178)	386

The amounts recognised in the income statement are as follows:

Current service cost	2,111	1,621
Interest cost	1,488	1,837
Expected return on plan assets	(1,444)	(1,888)
Amortisation of transitional liability	30	31
Amortisation of actuarial loss	234	9
	2,419	1,610
Actual return on the plan assets	996	913

Movement in the (asset)/liability recognised in the balance sheet:

At January 1, 2003	386	301
Pension cost	2,419	1,610
Contributions paid	(2,983)	(1,525)
At December 31, 2003	(178)	386

**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE M - PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS (continued)**

The principal actuarial assumptions used for accounting purposes were:

	(\$'000)	
	2003	2002
	%	%
Discount rate	5.0	5.0
Expected return on plan assets	5.0-6.0	5.0-6.0
Future salary increases	4.0	4.0
Future pension increases	0-2.5	0-2.5

**Other Retirement Obligations**

The Bank also operates a post-retirement medical plan. The method of accounting and frequency of valuations are similar to those used for the Bank pension schemes.

The amounts recognised in the balance sheet are as follows:

Present value of obligations	1,121	1,027
Unrecognised actuarial loss	(345)	(379)
Unrecognised transitional liability	-	(68)
Liability on balance sheet	776	580

The amounts recognised in the income statement are as follows:

Current service cost	53	53
Interest cost	71	60
Amortisation of actuarial loss	21	17
Amortisation of transitional liability	68	68
	213	198

Movement in the liability recognised in the balance sheet:

At January 1, 2003	580	398
Benefit cost	213	198
Premiums paid	(17)	(16)
At December 31, 2003	776	580

**ORDINARY CAPITAL RESOURCES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE M - PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS (continued)**

The principal actuarial assumptions used for accounting purposes were:

	(\$'000)	
	%	%
Annual discount rate	7	7
Annual increase in benefit	4	4

**NOTE N - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value. Bid prices are used to estimate fair values of assets, whereas offer prices are applied for liabilities.

	Carrying Value		Fair Value	
	2003	2002	2003	2002
<b>Financial Assets</b>				
Due from other banks	9,247	19,227	9,247	19,277
Loans	512,996	462,283	512,996	462,283
Non-negotiable demand notes	47,543	47,045	47,543	47,045
<b>Financial Liabilities</b>				
Borrowings	317,344	250,192	316,596	255,635

**Due from Other Banks**

Due from other banks includes cash and overnight deposits. The fair value of floating rate placements and overnight deposits is their carrying amount.

**Loans**

Loans are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

**Non-negotiable Demand Notes**

Non-negotiable demand notes are due on demand and their fair values are deemed to be equal to their carrying amount.

**Borrowings**

The estimated fair values are based on quoted market prices where such prices are available. Where no quoted market price is available, the fair value is estimated based on the cost at which the Bank could currently undertake borrowings with similar terms and remaining maturities. The fair value of swaps represents the estimated cost of replacing these contracts at that date.

February 27, 2004

AUDITORS' REPORT  
TO THE BOARD OF GOVERNORS  
CARIBBEAN DEVELOPMENT BANK

We have audited the accompanying special purpose financial statements of the Special Development Fund of the Caribbean Development Bank (the "Bank") as of December 31, 2003 as set out on pages 72 to 88. These special purpose financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying special purpose financial statements of the Special Development Fund of the Caribbean Development Bank as of December 31, 2003 have been properly prepared in all material respects, in accordance with the accounting policies set out in Note A.

Without qualifying our opinion, we emphasise that the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of International Financial Reporting Standards.

*PricewaterhouseCoopers*  
CHARTERED ACCOUNTANTS

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Antigua	Charles W. A. Walwyn	Robert J. Wilkinson										
Barbados	J. Andrew Marryshow	Philip St. E. Atkinson	Michael R. Boyce (Principal)	R. Michael Bynoe	Joyce E. Dear	Wayne I. Fields	Maurice A. Franklin	Geoffrey R. Gregory	Marcus A. Hatch	Stephen A. Jardine	Graham A. Kirby	Lindell E. Nurse
	Brian D. Robinson	Maria E. Evelyn-Robinson	Christopher S. Sambrano	Paul Tadros	R. Charles D. Tibbits	Ann M. Wallace-Elcock						
Grenada	Philip St. E. Atkinson (resident of Barbados)											
St. Lucia	Anthony D. Atkinson	Richard N. C. Peterkin										



**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND**  
**BALANCE SHEET**  
**December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

	2003			2002		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
<b>ASSETS</b>						
<b>DUE FROM BANKS</b>	2,603	4,185	6,788	5,575	5,267	10,842
<b>INVESTMENTS -</b>						
Trading (Schedule 1)	62,696	69,056	131,752	36,684	66,238	102,922
<b>LOANS</b> (Schedule 2)	318,889	21,819	340,708	300,576	22,634	323,210
<b>RECEIVABLE FROM CONTRIBUTORS</b>						
Non-negotiable demand notes (Schedule 3)	131,199	-	131,199	126,002	-	126,002
Contributions in arrears	7,154	-	7,154	7,829	-	7,829
	138,353	-	138,353	133,831	-	133,831
<b>RECEIVABLES - OTHER</b>						
Accounts receivable including interfund receivables	259	91	350	251	119	370
Accrued income on investments	345	829	1,174	355	879	1,234
Accrued income on loans	785	65	850	577	59	636
	1,389	985	2,374	1,183	1,057	2,240
	\$523,930	\$96,045	\$619,975	\$477,849	\$95,196	\$573,045
<b>LIABILITIES AND FUNDS LIABILITIES</b>						
Contributions in advance	2,160	-	2,160	3,410	-	3,410
Accounts payable including interfund payables	36,963	1,205	38,168	39,459	963	40,422
Accrued charges on contributions	-	32	32	-	35	35
	39,123	1,237	40,360	42,869	998	43,867
<b>FUNDS</b>						
Contributed resources (Schedule 3)						
Contributions	589,042	53,962	643,004	564,763	54,467	619,230
Less amounts not yet made available	(23,150)	-	(23,150)	(55,675)	-	(55,675)
Amounts made available	565,892	53,962	619,854	509,088	54,467	563,555
Allocation to technical assistance and grant resources	(119,000)	(1,566)	(120,566)	(119,000)	(1,566)	(120,566)
	446,892	52,396	499,288	390,088	52,901	442,989
Accumulated net income (Schedule 4)	19,080	42,408	61,488	23,223	41,214	64,437
Technical assistance and grant resources	18,835	4	18,839	21,669	83	21,752
	\$484,807	\$94,808	\$579,615	\$434,980	\$94,198	\$529,178
	\$523,930	\$96,045	\$619,975	\$477,849	\$95,196	\$573,045

**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND**  
**STATEMENT OF INCOME AND ACCUMULATED NET INCOME**  
**For the years ended December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

	2003			2002		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
<b>INCOME</b>						
From loans	7,635	587	8,222	7,180	643	7,823
From investments and cash balances	1,012	1,702	2,714	1,805	3,453	5,258
<b>GROSS INCOME</b>	<b>8,647</b>	<b>2,289</b>	<b>10,936</b>	<b>8,985</b>	<b>4,096</b>	<b>13,081</b>
<b>EXPENSES</b>						
Administrative expenses	8,970	1,728	10,698	8,625	1,150	9,775
Charges on contributions	-	373	373	-	402	402
Exchange	(3,171)	(24)	(3,195)	(68)	70	2
<b>TOTAL EXPENSES</b>	<b>5,799</b>	<b>2,077</b>	<b>7,876</b>	<b>8,557</b>	<b>1,622</b>	<b>10,179</b>
<b>NET INCOME FOR THE YEAR</b>	<b>\$2,848</b>	<b>\$212</b>	<b>\$3,060</b>	<b>\$428</b>	<b>\$2,474</b>	<b>\$2,902</b>

**STATEMENT OF CHANGES IN ACCUMULATED NET INCOME**

<b>ACCUMULATED NET INCOME - BEGINNING OF YEAR</b>	23,223	41,214	64,437	24,555	37,965	62,520
Currency translation adjustments	(6,991)	982	(6,009)	(1,760)	775	(985)
Net income for the year	2,848	212	3,060	428	2,474	2,902
<b>ACCUMULATED NET INCOME - END OF YEAR</b>	<b>\$19,080</b>	<b>\$42,408</b>	<b>\$61,488</b>	<b>\$23,223</b>	<b>\$41,214</b>	<b>\$64,437</b>

**SPECIAL FUNDS RESOURCES -  
SPECIAL DEVELOPMENT FUND (UNIFIED)  
STATEMENT OF CASH FLOWS  
For the years ended December 31, 2003 and 2002  
Expressed in thousands of United States dollars - Note A**

	<b>2003</b>	<b>2002</b>
Operating activities:		
Net income for the year	2,848	428
Adjustments for non-cash items:		
Unrealised losses/(gains) on trading portfolio	468	(453)
Interest income	(9,115)	(8,482)
(Increase)/decrease in accounts receivable including interfund receivables	(8)	12
(Decrease)/increase in accounts payable including interfund payables	(2,496)	31,798
Total adjustments	(11,151)	22,875
Interest received	8,917	8,371
Net increase/(decrease) in trading securities	(17,590)	4,373
Net cash (used in)/provided by operating activities	(16,976)	36,047
Investing activities:		
Disbursements on loans	(31,485)	(33,592)
Principal repayments to the Bank on loans	13,295	15,548
Increase in loans resulting from exchange rates fluctuations	(123)	(27)
Technical assistance disbursements	(2,844)	(1,908)
Net cash used in investing activities	(21,157)	(19,979)
Financing activities:		
Contributions:		
Increase/(decrease) in contributions for loans	37,343	(25,972)
Increase in contributions resulting from exchange rates fluctuations	19,461	13,398
Increase in receivables from contributors	(5,772)	(4,870)
Technical assistance allocation	10	12,015
Net cash provided by/(used in) financing activities	51,042	(5,429)
Translation adjustments	(6,991)	(1,760)
Net (decrease)/increase in cash and cash equivalents	5,918	8,879
Cash and cash equivalents at beginning of year	10,703	6,686
Cash and cash equivalents at end of year	<u>\$16,621</u>	<u>\$15,565</u>
Represented by:		
Due from banks	2,603	5,575
Time deposits	7,661	5,128
Trading securities	6,357	4,862
	<u>\$16,621</u>	<u>\$15,565</u>

**SPECIAL FUNDS RESOURCES -  
SPECIAL DEVELOPMENT FUND (OTHER)  
STATEMENT OF CASH FLOWS**  
For the years ended December 31, 2003 and 2002  
Expressed in thousands of United States dollars - Note A

	<b>2003</b>	<b>2002</b>
Operating activities:		
Net income for the year	212	2,474
Adjustments for non-cash items:		
Unrealised loss/(gain) on trading portfolio	439	(715)
Interest income	(2,728)	(3,375)
Interest expense	373	402
Decrease/(increase) in accounts receivable including interfund receivables	28	(27)
Increase/(decrease) in accounts payable including interfund payables	242	(1,116)
Total adjustments	(1,646)	(4,831)
Interest received	2,772	3,540
Interest paid	(376)	(404)
Net decrease in trading securities	7,676	8,111
Net cash provided by/(used in) operating activities	8,638	8,890
Investing activities:		
Disbursements on loans	(1,799)	(2,938)
Principal repayments to the Bank on loans	3,079	4,024
Increase in loans resulting from exchange rates fluctuations	(465)	(496)
Technical assistance disbursements	(79)	(211)
Net cash provided by investing activities	736	379
Financing activities:		
Borrowings:		
Repayments of contributions	(1,818)	(1,623)
Increase in contributions resulting from exchange rates fluctuations	1,313	1,145
Net cash used in financing activities	(505)	(478)
Translation adjustments	982	775
Net increase/(decrease) in cash and cash equivalents	9,851	9,566
Cash and cash equivalents at beginning of year	10,544	10,847
Cash and cash equivalents at end of period	\$20,395	\$20,413
Represented by:		
Due from banks	4,185	5,267
Time deposits	7,716	5,277
Trading securities	8,494	9,869
	\$20,395	\$20,413

**SPECIAL FUNDS RESOURCES -  
SPECIAL DEVELOPMENT FUND  
SUMMARY STATEMENT OF INVESTMENTS**  
For the years ended December 31, 2003 and 2002  
Expressed in thousands of United States dollars - Note A

**SCHEDULE 1**

	2003 MARKET VALUE			2002 MARKET VALUE		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
Government and Agency Obligations	50,765	51,865	102,630	27,472	50,718	78,190
Supranationals	4,270	9,475	13,745	4,084	10,243	14,327
Time Deposits	7,661	7,716	15,377	5,128	5,277	10,405
<b>TOTAL</b>	<b>\$62,696</b>	<b>\$69,056</b>	<b>\$131,752</b>	<b>\$36,684</b>	<b>\$66,238</b>	<b>\$102,922</b>

RESIDUAL TERM TO CONTRACTUAL MATURITY		
	2003	2002
One month to three months	22,165	21,247
Over three months to one year	24,552	8,368
From one year to five years	83,620	70,120
From five years to ten years	1,415	3,187
<b>TOTAL</b>	<b>131,752</b>	<b>\$102,922</b>

**SPECIAL FUNDS RESOURCES -  
SPECIAL DEVELOPMENT FUND - (UNIFIED)  
SUMMARY STATEMENT OF LOANS  
December 31, 2003 and 2002  
Expressed in thousands of United States dollars - Note A**

**SCHEDULE 2**

Member countries in which loans have been made	Total loans approved 1/	Loans approved but not yet effective	Effective Loans				Out-standing 2/	Percentage of total loans out-standing
			Signed agreements	Principal repaid to bank	Undisbursed			
Anguilla	9,434	-	9,434	3,270	1,020	5,144	1.6	
Antigua and Barbuda	11,153	-	11,153	5,042	2,542	3,569	1.1	
Bahamas	1,595	-	1,595	1,313	-	282	0.1	
Barbados	5,655	-	5,655	3,501	513	1,641	0.5	
Belize	52,176	3,417	48,759	12,935	12,585	23,239	7.3	
British Virgin Islands	11,733	-	11,733	4,523	1,207	6,003	1.9	
Cayman Islands	4,084	-	4,084	3,527	362	195	0.1	
Dominica	67,681	-	67,681	15,621	10,405	41,655	13.1	
Grenada	55,264	-	55,264	15,808	11,239	28,217	8.8	
Guyana	111,435	683	110,752	7,108	35,869	67,775	21.2	
Jamaica	73,586	-	73,586	13,167	21,458	38,961	12.2	
Montserrat	9,698	-	9,698	3,496	1,752	4,450	1.4	
St. Kitts and Nevis	46,490	-	46,490	9,310	8,044	29,136	9.1	
St. Lucia	59,125	-	59,125	11,815	15,658	31,652	9.9	
St. Vincent and the Grenadines	41,556	-	41,556	13,285	2,479	25,792	8.1	
Trinidad and Tobago	5,234	1,000	4,234	3,086	16	1,132	0.4	
Turks & Caicos Islands	9,319	-	9,319	2,697	1,899	4,723	1.5	
Regional	9,474	-	9,474	3,461	690	5,323	1.7	
<b>TOTAL - December 31, 2003</b>	<b>\$584,692</b>	<b>\$5,100</b>	<b>\$579,592</b>	<b>\$132,965</b>	<b>\$127,738</b>	<b>\$318,889</b>	<b>100.0</b>	
<b>TOTAL - December 31, 2002</b>	<b>\$541,715</b>	<b>\$9,700</b>	<b>\$532,015</b>	<b>\$107,872</b>	<b>\$123,567</b>	<b>\$300,576</b>		

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to \$164,000 (2002 - \$200,000).

Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

**SPECIAL FUNDS RESOURCES -  
SPECIAL DEVELOPMENT FUND - (OTHER)  
SUMMARY STATEMENT OF LOANS (continued)  
December 31, 2003 and 2002  
Expressed in thousands of United States dollars - Note A**

**SCHEDULE 2**

Member countries in which loans have been made	Total loans approved 1/	Loans approved but not yet effective	Effective Loans				Out-standing 2/	Percentage of total loans out-standing
			Signed agreements	Principal repaid to bank	Undisbursed			
Anguilla	1,497	-	1,497	1,375	83	39	0.2	
Antigua and Barbuda	3,720	-	3,720	3,155	565	-	-	
Bahamas	773	-	773	762	-	11	0.1	
Barbados	1,610	-	1,610	1,604	-	6	-	
Belize	28,262	-	28,262	16,391	2,318	9,553	43.8	
British Virgin Islands	4,467	-	4,467	3,590	-	877	4.0	
Cayman Islands	598	-	598	562	-	36	0.2	
Dominica	13,860	-	13,860	11,008	957	1,895	8.7	
Grenada	4,807	-	4,807	4,169	40	598	2.7	
Guyana	22	-	22	22	-	-	-	
Jamaica	6,871	-	6,871	4,331	2,000	540	2.4	
Montserrat	785	-	785	785	-	-	-	
St. Kitts and Nevis	11,836	-	11,836	5,288	2,408	4,140	19.0	
St. Lucia	21,682	-	21,682	18,129	1,196	2,357	10.8	
St. Vincent and the Grenadines	12,339	-	12,339	10,033	539	1,767	8.1	
Turks & Caicos Islands	1,524	-	1,524	1,524	-	-	-	
Regional	2,519	-	2,519	2,519	-	-	-	
<b>TOTAL - December 31, 2003</b>	<b>\$117,172</b>	<b>-</b>	<b>\$117,172</b>	<b>\$85,247</b>	<b>\$10,106</b>	<b>\$21,819</b>	<b>100.0</b>	
<b>TOTAL - December 31, 2002</b>	<b>\$107,541</b>	<b>\$6,226</b>	<b>\$107,541</b>	<b>\$79,158</b>	<b>\$5,749</b>	<b>\$22,634</b>		

1/ Net of lapses and cancellations.

2/ There were no overdue instalments of principal (2002 - nil). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

**SPECIAL FUNDS RESOURCES -  
SPECIAL DEVELOPMENT FUND  
SUMMARY STATEMENT OF LOANS** (continued)  
December 31, 2003 and 2002  
Expressed in thousands of United States dollars - Note A

Analysis by contributor	Total loans approved 1/	Loans approved but not yet effective	Effective Loans				Percent- age of total loans out- standing
			Signed agree- ments	Principal repaid to bank	Undis- bursed	Out- standing 2/	
<b>SPECIAL DEVELOPMENT FUND - UNIFIED</b>							
MEMBERS/ CONTRIBUTORS	584,692	5,100	579,592	132,965	127,738	318,889	100.0
TOTAL SDF - (UNIFIED)	\$584,692	\$5,100	\$579,592	\$132,965	\$127,738	\$318,889	
<b>SPECIAL DEVELOPMENT FUND - OTHER</b>							
<b>MEMBERS</b>							
Colombia	8,617	-	8,617	7,533	83	1,001	4.6
Germany	18,144	-	18,144	16,650	-	1,494	6.8
Mexico	9,281	-	9,281	5,117	466	3,698	16.9
Venezuela	53,197	-	53,197	28,285	9,557	15,355	70.4
	89,239	-	89,239	57,585	10,106	21,548	
<b>OTHER CONTRIBUTORS</b>							
Sweden	5,100	-	5,100	4,866	-	234	1.1
United States of America	22,833	-	22,833	22,796	-	37	0.2
	\$27,933	-	\$27,933	\$27,662	-	\$271	100.0
<b>TOTAL - SDF (OTHER)</b>	<b>\$117,172</b>	<b>-</b>	<b>\$117,172</b>	<b>\$85,247</b>	<b>\$10,106</b>	<b>\$21,819</b>	
<b>TOTAL SDF - December 31, 2003</b>	<b>\$701,864</b>	<b>\$5,100</b>	<b>\$696,764</b>	<b>\$218,212</b>	<b>\$137,844</b>	<b>\$340,708</b>	
<b>TOTAL SDF - December 31, 2002</b>	<b>\$654,832</b>	<b>\$15,926</b>	<b>\$638,906</b>	<b>\$187,030</b>	<b>\$128,566</b>	<b>\$323,310</b>	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to \$164,000 (2002 - \$200,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.



**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND**  
**SUMMARY STATEMENT OF LOANS** (continued)  
**December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

**SCHEDULE 2**

Currencies receivable	Loans out-standing 2002	Trans-lation adjust-ments	Disburse-ments	Sub-Total	Repay-ments	Loans out-standing 2003
<b>(a) SPECIAL DEVELOPMENT FUND - UNIFIED</b>						
Canadian dollars	331	74	-	405	(144)	261
Pounds sterling	35	4	-	39	(9)	30
Euros	217	45	-	262	(11)	251
United States dollars	299,993	-	31,485	331,478	(13,131)	318,347
<b>TOTAL - December 31, 2003</b>	<b>\$300,576</b>	<b>\$123</b>	<b>\$31,485</b>	<b>\$332,184</b>	<b>(\$13,295)</b>	<b>\$318,889</b>
<b>TOTAL -December 31, 2002</b>	<b>\$282,505</b>	<b>\$27</b>	<b>\$33,592</b>	<b>\$316,124</b>	<b>(\$15,548)</b>	<b>\$300,576</b>
<b>(b) SPECIAL DEVELOPMENT FUND - OTHER</b>						
Euros	1,864	379	-	2,243	(749)	1,494
Swedish kroners	405	86	-	491	(257)	234
United States dollars	20,365	-	1,799	22,164	(2,073)	20,091
<b>TOTAL - December 31, 2003</b>	<b>\$22,634</b>	<b>\$465</b>	<b>\$1,799</b>	<b>\$24,898</b>	<b>(\$3,079)</b>	<b>\$21,819</b>
<b>TOTAL -December 31, 2002</b>	<b>\$23,224</b>	<b>\$496</b>	<b>\$2,938</b>	<b>\$26,658</b>	<b>(\$4,024)</b>	<b>\$22,634</b>

**MATURITY STRUCTURE OF LOANS OUTSTANDING**

January 1, 2004 to December 31, 2004	12,237
January 1, 2005 to December 31, 2005	16,783
January 1, 2006 to December 31, 2006	15,627
January 1, 2007 to December 31, 2007	15,077
January 1, 2008 to December 31, 2008	14,785
January 1, 2009 to December 31, 2013	75,330
January 1, 2014 to December 31, 2018	68,190
January 1, 2019 to December 31, 2023	52,182
January 1, 2024 to December 31, 2042	70,497
<b>TOTAL</b>	<b>\$340,708</b>

**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND**  
**STATEMENT OF CONTRIBUTED RESOURCES**  
**December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

SCHEDULE 3

CONTRIBUTORS	Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts not yet made available	Amounts made available	Receivable from members Non negotiable demand notes
<b>SPECIAL DEVELOPMENT FUND - UNIFIED</b>						
<b>Members</b>						
Trinidad and Tobago	17,700	-	17,700	1,250	16,450	7,906
Bahamas	9,931	-	9,931	703	9,228	3,034
Barbados	9,931	-	9,931	703	9,228	1,629
Jamaica	15,520	-	15,520	1,250	14,270	4,999
Guyana	9,930	-	9,930	703	9,227	3,737
Antigua and Barbuda	1,232	320	912	-	912	348
Belize	2,640	-	2,640	210	2,430	1,081
Dominica	2,640	-	2,640	210	2,430	860
St. Kitts and Nevis	2,640	-	2,640	210	2,430	871
St. Lucia	2,640	-	2,640	210	2,430	970
St. Vincent and the Grenadines	2,652	-	2,652	209	2,443	1,082
Grenada	2,640	840	1,800	-	1,800	1,167
Montserrat	1,100	-	1,100	160	940	204
British Virgin Islands	1,020	-	1,020	80	940	285
Turks and Caicos Islands	1,020	-	1,020	80	940	-
Cayman Islands	920	-	920	80	840	458
Anguilla	1,020	320	700	-	700	177
Colombia	19,933	-	19,933	900	19,033	2,130
Venezuela	14,782	-	14,782	750	14,032	5,864
Canada	138,549	-	138,549	6,715	131,834	40,157
United Kingdom	111,510	-	111,510	6,978	104,532	38,691
Germany	51,954	-	51,954	-	51,954	15,549
Italy	49,152	3,145	46,007	-	46,007	-
China	28,000	-	28,000	1,000	27,000	-
Mexico	11,000	-	11,000	750	10,250	-
	510,055	4,625	505,430	23,150	482,280	131,199
<b>Other Contributors</b>						
France	59,032	-	59,032	-	59,032	-
Netherlands	24,580	-	24,580	-	24,580	-
	593,667	-	589,042	-	565,892	131,199
<b>Technical Assistance</b>						
Allocation	(119,000)	-	(119,000)	-	(119,000)	-
<b>SUB - TOTAL</b>	474,667	4,625	470,042	23,150	446,892	131,199
<b>SPECIAL DEVELOPMENT FUND - OTHER</b>						
<b>Members</b>						
Colombia	5,000	-	5,000	-	5,000	-
Germany 3/	2,985	-	2,985	-	2,985	-
Mexico 4/	13,767	-	13,767	-	13,767	-
Venezuela	17,474	-	17,474	-	17,474	-
	39,226	-	39,226	-	39,226	-
<b>Other Contributors</b>						
Sweden	3,614	-	3,614	-	3,614	-
United States of America 3/	9,556	-	9,556	-	9,556	-
	13,170	-	13,170	-	13,170	-
<b>SUB - TOTAL</b>	52,396	-	52,396	-	52,396	-
<b>TOTAL SDF - 2003</b>	\$527,063	\$4,625	\$522,438	\$23,150	\$499,288	\$131,199
<b>SUMMARY</b>						
Members	430,281	4,625	425,656	23,150	402,506	131,199
Other contributors	96,782	-	96,782	-	96,782	-
<b>TOTAL SDF - 2003</b>	\$527,063	\$4,625	\$522,438	\$23,150	\$499,288	\$131,199
<b>TOTAL SDF - 2002</b>	\$509,889	\$11,225	\$498,664	\$55,675	\$442,989	\$126,002

1/ Net of repayments.

2/ Contributions not yet formally pledged by Governments.

3/ Contributions with fixed repayment dates.

4/ Net of appropriation for Technical Assistance of \$1,566,000.

**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND**  
**SUMMARY STATEMENT OF LOANS (Continued)**  
**December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

**SCHEDULE 3**

Currencies	Amounts made available 2002	Trans- lation adjust- ments	Drawdowns/ Appropri- ations from Capital 2/	Sub-total	Repay- ments	Amounts made available 2003
<b>(a) SPECIAL DEVELOPMENT FUND - UNIFIED</b>						
Canadian dollars	36,365	8,233	\$189	44,787	-	44,787
Euros	58,704	7,621	(\$44,444)	21,881	-	21,881
Pounds sterling	32,720	3,607	\$2,320	38,647	-	38,647
United States dollars	262,299	-	\$79,278	341,577	-	341,577
<b>TOTAL - December 31, 2003</b>	<b>\$390,088</b>	<b>\$19,461</b>	<b>\$37,343</b>	<b>\$446,892</b>	<b>-</b>	<b>\$446,892</b>
<b>TOTAL - December 31, 2002</b>	<b>\$402,662</b>	<b>\$13,398</b>	<b>(\$25,972)</b>	<b>\$390,088</b>	<b>-</b>	<b>\$390,088</b>
<b>(b) SPECIAL DEVELOPMENT FUND - OTHER</b>						
Euros	3,325	677	-	4,002	(\$1,016)	2,986
Swedish kroners	2,978	636	-	3,614	-	3,614
United States dollars	46,598	-	-	46,598	(\$802)	45,796
<b>TOTAL - December 31, 2003</b>	<b>\$52,901</b>	<b>\$1,313</b>	<b>-</b>	<b>\$54,214</b>	<b>(\$1,818)</b>	<b>\$52,396</b>
<b>TOTAL - December 31, 2002</b>	<b>\$53,379</b>	<b>\$1,145</b>	<b>-</b>	<b>\$54,524</b>	<b>(\$1,623)</b>	<b>\$52,901</b>

1/ Subject to maintenance of value provision on the contribution to the second tranche of the Unified Special Development Fund.

2/ Net of conversions to United States dollars in accordance with the funding Rules of the Unified Special Development Fund.

**MATURITY STRUCTURE OF REPAYABLE CONTRIBUTIONS OUTSTANDING\***

January 1, 2004 to December 31, 2004	1,842
January 1, 2005 to December 31, 2005	1,600
January 1, 2006 to December 31, 2006	1,360
January 1, 2007 to December 31, 2007	1,387
January 1, 2008 to December 31, 2008	1,181
January 1, 2009 to December 31, 2013	4,582
January 1, 2014 to December 31, 2018	589

**TOTAL** **\$12,541**

\* Relates to SDF(O) contributions by Germany and the United States of America only.

**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND  
STATEMENT OF ACCUMULATED NET INCOME**

**December 31, 2003 and 2002**

**Expressed in thousands of United States dollars - Note A**

**SCHEDULE 4**

CONTRIBUTORS	ACCUMULATED NET INCOME				
	Brought forward 2002	Trans- lation Adjust- ments	Net Income 2003	Appro- priations	Carried forward 2003
<b>SPECIAL DEVELOPMENT FUND - UNIFIED</b>	<b>23,223</b>	<b>(6,991)</b>	<b>2,848</b>	<b>-</b>	<b>19,080</b>
<b>SPECIAL DEVELOPMENT FUND - OTHER</b>					
<b>Members</b>					
Colombia	3,454	-	41	-	3,495
Germany	87	93	(54)	-	126
Mexico	4,163	-	93	-	4,256
Venezuela	20,679	(32)	(188)	-	20,459
	28,383	61	(108)	-	28,336
<b>Other contributors</b>					
Sweden	3,946	921	266	-	5,133
United States of America	8,885	-	54	-	8,939
	12,831	921	320	-	14,072
	41,214	982	212	-	42,408
<b>TOTAL SDF</b>	<b>\$64,437</b>	<b>(\$6,009)</b>	<b>\$3,060</b>	<b>-</b>	<b>\$61,488</b>
<b>SUMMARY</b>					
Members	51,606	(6,930)	2,740	-	47,416
Other contributors	12,831	921	320	-	14,072
<b>TOTAL SDF - December 31, 2003</b>	<b>\$64,437</b>	<b>(\$6,009)</b>	<b>\$3,060</b>	<b>-</b>	<b>\$61,488</b>
<b>TOTAL SDF - December 31, 2002</b>	<b>\$62,520</b>	<b>(\$985)</b>	<b>\$2,902</b>	<b>-</b>	<b>\$64,437</b>

**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Special Development Fund (SDF) was established to carry out the special operations of the Bank by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

Due to the nature of the SDF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be a presentation in accordance with International Financial Reporting Standards. These special purpose financial statements have been prepared in accordance with the accounting policies outlined below.

Preparation of these special purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

**Translation of Currencies**

The financial statements are expressed in United States dollars solely for the purpose of summarising the Caribbean Development Bank's (the "Bank's") financial position and the results of its operations.

Assets, liabilities and contributed resources in currencies other than United States dollars are translated into United States dollars either at the par values established for those currencies with the International Monetary Fund, or where no par values are maintained, at rates which have been determined by the Bank to be appropriate for translation. In general, the rates so determined will be the approximate market rates of exchange prevailing at the dates of the financial statements. Differences in the United States dollar equivalents of opening accumulated net income arising from changes in exchange rates applied at the beginning of the year and at the end of the year are included as translation adjustments in accumulated net income.

Income and expenses in currencies other than United States dollars are translated into United States dollars at applicable rates of exchange on the transaction dates. This practice approximates the application of average rates in effect during the year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

**Investments**

All investment securities are held in a trading portfolio and reported at fair market value. Trading securities are initially recognised at cost (which includes transaction costs) and subsequently re-measured at fair value based on quoted market prices. All related realised and unrealised gains and losses are included in investment income. Interest earned whilst holding trading securities is reported as interest income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are rec-



**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS** (continued)  
**December 31, 2003 and 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

ognised at trade date, which is the date that the bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

**Loans**

All loans by the Bank are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are repayable to the Bank in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member country in which the loans are made. Loans to the private sector are secured by other forms of securities deemed appropriate by the Bank.

The Bank is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans. The Bank has two categories of loans: (a) variable-rate loans; and (b) fixed-rate loans. The interest rate on variable rate loans is reset semi-annually. For all loans and related commitments, the Bank is of the opinion that due to its unique position in its lending operations and the absence of a secondary market, it is not practicable to estimate a fair value for the Bank's lending portfolio.

Loans outstanding to the Bank were \$340,708,000 (2002 - \$323,210,000). The average interest rate earned on loans outstanding was 2.49% (2001 - 2.60%). There were no impaired loans at December 31, 2003.

**Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

**Technical Assistance and Grants**

Technical assistance and grants for capital projects to borrowing member countries are provided either from grants received from contributors or from other resources specifically allocated for this purpose.

**Administrative Expenses**

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources, the Other Special Funds and the Special Development Fund in accordance with a method of allocation notified to the Board of Directors.

**NOTE B - INVESTMENTS**

As part of its overall portfolio management strategy, the Bank invests in Government, agency, supranational and bank obligations, including time deposits. The Bank limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Bank.

The annualised rate of return on the average investments held during the year, including gains and losses both realised and unrealised, was 2.13% (2002 - 4.93%). Net realised losses on investments traded during 2003 totalled \$423,311 (2002 - \$142,550) while net unrealised losses totalled \$904,946 (2002 - gain of \$1,165,034).

**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS** (continued)  
**December 31, 2003 and 2002**

**NOTE C - FUNDS**

In accordance with the Agreement establishing the Bank (the Agreement), Special Funds Resources comprise the Special Development Fund and Other Special Funds established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. The Special Development Fund was established to receive contributions or loans which may be used to make or guarantee loans of high developmental priority, with longer maturities, longer deferred commencement of repayment and lower interest rates than those determined by the Bank for its Ordinary Operations. As a result of Rules adopted by the Bank in May 1983 for the Special Development Fund, contributions to the Special Development Fund currently comprise funds made available to the Bank subject to the former rules and funds made available to the Bank subject to the new rules. Funds made available to the Bank under the former rules would continue to be governed by such rules except where contributors opt to transfer funds under the new rules.

For the purposes of these financial statements the Special Development Fund has been presented separately from the Other Special Funds in accordance with the Rules for the Special Development Fund. Further, funds made available to the Bank subject to the former rules (referred to herein as "Other") are shown separately from funds made available subject to the new rules (referred to herein as "Unified").

Details of contributions and loan resources to the Special Development Fund are stated at the equivalent in thousands of United States dollars where such contributions and loans have been made in currencies other than United States dollars and are as follows:

**(a) SPECIAL DEVELOPMENT FUND - UNIFIED**

	<u>2003</u>	<u>2002</u>
Contributions (as per Schedule 3)	\$448,017	\$390,088

All contributions to the Special Development Fund - Unified are interest-free with no date for repayment.

Effective October 27, 2000, France ceased to be a member of the Bank, but under the Rules of the Special Development Fund, its contributions are non-reimbursable.

**(b) SPECIAL DEVELOPMENT FUND - OTHER**

<b>Colombia</b>	<u>\$5,000</u>	<u>\$5,000</u>
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The contribution is interest-free and was not repayable before 2000. The agreement with the contributor provides that not less than 5% or more than 10% of the contribution may be used for technical assistance. To date \$39,000 (2002- \$39,000) has been incurred on technical assistance and has been charged against the income from the contribution.

	<u>2003</u>	<u>2002</u>
<b>Germany</b>		
First Contribution	\$10,648	8,846
Less repayments	9,850	7,740
	798	1,106

**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (continued)**  
**December 31, 2003 and 2002**

**NOTE C - FUNDS (continued)**

**(b) SPECIAL DEVELOPMENT FUND - OTHER (Continued)**

	<b>2003</b>	<b>2002</b>
Second Contribution	7,511	6,240
Less repayments	5,324	4,021
	2,187	2,219
	<u>\$2,985</u>	<u>\$3,325</u>

The contributions consist of two loans, which are subject to interest at the rate of 2% on the amounts drawn and a commitment fee of 0.25% per annum on the amounts undrawn. The first contribution is repayable during the period 1985 to 2005 and the second contribution is repayable during the period 1993 to 2012.

**Mexico**

First Contribution	7,000	7,000
Less Technical Assistance	1,566	1,566
	5,434	5,434
Second Contribution	5,000	5,000
Third Contribution	3,333	3,333
	<u>\$13,767</u>	<u>\$13,767</u>
Technical Assistance Resources	<u>\$1,566</u>	<u>\$1,566</u>

The contributions are interest-free and are not subject to call before 2009.

**Venezuela**

First Contribution	10,000	10,000
Less Technical Assistance	176	176
	9,824	9,824
Second Contribution	7,650	7,650
	<u>\$17,474</u>	<u>\$17,474</u>

The contributions are interest-free and were not subject to calls before 1999 and 2006 respectively. The agreement with the contributor provides that up to 10% of the first contribution may be used to finance technical assistance on the basis of contingent recovery.

**Sweden**

	<u>\$3,614</u>	<u>\$2,978</u>
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The contribution is interest-free with no definite date for repayment.



**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (continued)**  
**December 31, 2003 and 2002**

**NOTE C - FUNDS (continued)**

**(b) SPECIAL DEVELOPMENT FUND - OTHER (Continued)**

<b>United States of America</b>	<b>2003</b>	<b>2002</b>
First Contribution	10,000	10,000
Less repayments	6,061	5,320
	3,939	4,680
Second Contribution	12,000	12,000
Less repayments	6,383	5,545
	5,617	6,455
	\$9,556	\$11,135

The contributions are subject to interest at the rate of 2% per annum on the amounts outstanding for the first ten years after first disbursement and thereafter at the rate of 3% per annum. The first contribution is repayable during the period 1982 to 2012 and the second contribution during the period 1984 to 2014.

**NOTE D - ACCUMULATED NET INCOME AND NET INCOME FOR THE YEAR**

In accordance with the rules of the Special Development Fund, the accumulated net income and net income for the current year form part of the contributed resources of the fund and are not available for allocation by the Board of Governors.

**NOTE E - TECHNICAL ASSISTANCE AND GRANT RESOURCES**

In accordance with paragraph 4.9.2 of the Rules for the Special Development Fund, allocations/appropriations of income and capital of the Fund may be made for the purpose of the Bank's technical assistance and grant operations. The movements (expressed in thousands of United States dollars) during the years ended December 31, 2003 and 2002 were as follows:

Balance at January 1, 2002	11,856
Allocations for the year	12,015
Expenditure for the year	(2,119)
Balance at December 31, 2002	\$21,752
Allocations for the year	10
Expenditure for the year	(2,927)
Balance at December 31, 2003	\$18,835

February 27, 2004

AUDITORS' REPORT  
TO THE BOARD OF GOVERNORS  
CARIBBEAN DEVELOPMENT BANK

We have audited the accompanying special purpose financial statements of the Other Special Funds of the Caribbean Development Bank (the "Bank") as of December 31, 2003 as set out on pages 90 to 107. These special purpose financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying special purpose financial statements of the Other Special Funds of the Caribbean Development Bank as of December 31, 2003 have been properly prepared in all material respects, in accordance with the accounting policies set out in Note A.

Without qualifying our opinion, we emphasise that the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of International Financial Reporting Standards.

*PricewaterhouseCoopers*  
CHARTERED ACCOUNTANTS

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Antigua	Charles W. A. Walwyn	Robert J. Wilkinson										
Barbados	J. Andrew Marryshow	Philip St. E. Atkinson	Michael R. Boyce (Principal)	R. Michael Bynoe	Joyce E. Dear	Wayne I. Fields	Maurice A. Franklin	Geoffrey R. Gregory	Marcus A. Hatch	Stephen A. Jardine	Graham A. Kirby	Lindell E. Nurse
	Brian D. Robinson	Maria E. Evelyn-Robinson	Christopher S. Sambrano	Paul Tadros	R. Charles D. Tibbits	Ann M. Wallace-Elcock						
Grenada	Philip St. E. Atkinson (resident of Barbados)											
St. Lucia	Anthony D. Atkinson	Richard N. C. Peterkin										

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS  
BALANCE SHEET**

**December 31, 2003 and 2002**

**Expressed in thousands of United States dollars - Note A**

	<b>2003</b>	<b>2002</b>
<b>ASSETS</b>		
<b>DUE FROM BANKS</b>	2,364	6,561
<b>INVESTMENTS</b> - Trading (Schedule 1)	111,425	98,815
<b>LOANS</b> (Schedule 2)	51,635	47,160
<b>RECEIVABLES - OTHER</b>		
Accounts receivable including interfund receivables	32,107	33,335
Accrued income on investments	1,026	1,190
Accrued income on loans	233	207
	<u>33,366</u>	<u>34,732</u>
	<u>\$198,790</u>	<u>\$187,268</u>
<b>LIABILITIES AND FUNDS</b>		
<b>LIABILITIES</b>		
Accounts payable including interfund payables	1,125	1,013
Accrued charges on contributions	258	248
	<u>1,383</u>	<u>1,261</u>
<b>FUNDS</b>		
Contributed resources (Schedule 3)		
Contributions	99,743	84,834
Less amounts not yet made available	20,403	12,960
	<u>79,340</u>	<u>71,874</u>
Amounts made available	79,340	71,874
Accumulated net income (Schedule 4)	43,230	40,891
	<u>122,570</u>	<u>112,765</u>
Technical assistance and other grant resources (Schedule 5)	74,837	73,242
	<u>\$198,790</u>	<u>\$187,268</u>

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**STATEMENT OF INCOME AND ACCUMULATED NET INCOME**  
**For the years ended December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

	<b>2003</b>	<b>2002</b>
<b>INCOME</b>		
From loans	868	769
From investments and cash balances	2,938	4,385
<b>GROSS INCOME</b>	<b>3,806</b>	<b>5,154</b>
<b>EXPENSES</b>		
Administrative expenses	1,150	1,351
Charges on contributions	1,034	1,073
Exchange	(9)	(17)
<b>TOTAL EXPENSES</b>	<b>2,175</b>	<b>2,407</b>
<b>NET INCOME FOR THE YEAR</b>	<b>\$1,631</b>	<b>\$2,747</b>

**STATEMENT OF CHANGES IN  
ACCUMULATED NET INCOME**

<b>ACCUMULATED NET INCOME -  BEGINNING OF YEAR</b>	40,891	38,421
Currency translation adjustments	708	(277)
Net income for the year	1,631	2,747
<b>ACCUMULATED NET INCOME - END OF YEAR</b>	<b>\$43,230</b>	<b>\$40,891</b>

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the years ended December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

	<b>2003</b>	<b>2002</b>
Operating activities:		
Net income for the year	1,631	2,747
Adjustments for non-cash items:		
Unrealised gain on trading portfolio	(257)	(550)
Interest income	(3,357)	(4,447)
Interest expense	1,034	1,073
Decrease in accounts receivable including interfund receivables	33,228	3,868
Increase in accounts payable including interfund payables	112	149
Total adjustments	30,760	93
Interest received	3,495	4,891
Interest paid	(1,024)	(1,082)
Net (increase)/decrease in trading securities	14,028	20,688
Net cash provided by operating activities	48,890	27,337
Investing activities:		
Disbursements on loans	(3,572)	(3,728)
Principal repayments to the Bank on loans	2,003	2,056
Increase in loans resulting from exchange rates fluctuations	(2,906)	(2,360)
Technical Assistance disbursements	(5,833)	(5,252)
Net cash used in investing activities	(10,308)	(9,284)
Financing activities:		
Contributions:		
Increase in contributions for loans	6,660	274
Repayments	(3,178)	(4,058)
Decrease in contributions resulting from exchange rates fluctuations	3,984	2,903
Technical Assistance contributions	(24,572)	1,773
Net cash (used in) / provided by financing activities	(17,106)	892
Translation adjustments	708	(277)
Net increase/(decrease) in cash and cash equivalents	22,184	18,668
Cash and cash equivalents at beginning of year	8,881	4,199
Cash and cash equivalents at end of year	<u>\$31,065</u>	<u>\$22,867</u>
Represented by:		
Due from banks	2,364	6,561
Time deposits	4,599	2,320
Trading Securities	24,102	13,986
	<u>\$31,065</u>	<u>\$22,867</u>

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS  
SUMMARY STATEMENT OF INVESTMENTS  
December 31, 2003 and 2002  
Expressed in thousands of United States dollars - Note A**

**APPENDIX IV-C(5)  
SCHEDULE 1**

	<b>2003</b>	<b>2002</b>
	<b>Market value</b>	<b>Market value</b>
Government and Agency Obligations	83,551	67,441
Suprationals	10,593	17,064
Time Deposits	4,599	2,320
Other Investments	12,682	11,990
<b>TOTAL</b>	<b>\$111,425</b>	<b>\$98,815</b>

**RESIDUAL TERM TO CONTRACTUAL MATURITY**

	<b>2003</b>	<b>2002</b>
One month to three months	28,701	8,881
From three months to one year	29,955	21,443
From one year to five years	44,287	60,894
From five years to ten years	8,482	7,597
<b>TOTAL</b>	<b>\$111,425</b>	<b>\$98,815</b>

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**SUMMARY STATEMENT OF LOANS**  
**December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

**SCHEDULE 2**

Member countries in which loans have been made	Effective Loans						Percentage of total loans outstanding
	Loans Total approved 1/	approved but not yet effective	Signed agreements	Principal repaid to bank	Undisbursed	Outstanding 2/	
Anguilla	500	-	500	200	-	300	0.6
Antigua and Barbuda	2,949	-	2,949	2,285	-	664	1.3
Barbados	17,831	-	17,831	17,244	-	587	1.1
Belize	8,536	-	8,536	8,470	-	66	0.1
British Virgin Islands	1,864	-	1,864	1,864	-	-	-
Cayman Islands	2,930	-	2,930	2,930	-	-	-
Dominica	21,314	-	21,314	9,204	1,646	10,464	20.3
Grenada	17,896	-	17,896	5,078	2,520	10,298	19.9
Guyana	16,309	-	16,309	15,785	-	524	1.0
Jamaica	38,498	-	38,498	36,994	-	1,504	2.9
Montserrat	1,218	-	1,218	1,218	-	-	-
St. Kitts and Nevis	8,180	-	8,180	3,101	95	4,984	9.7
St. Lucia	32,065	-	32,065	10,235	7,974	13,856	26.9
St. Vincent and the Grenadines	14,476	-	14,476	9,708	-	4,768	9.2
Trinidad and Tobago	3,303	-	3,303	1,256	-	2,047	4.0
Regional	2,262	-	2,262	653	36	1,573	3.0
<b>TOTAL</b>							
<b>December 31, 2003</b>	<b>\$190,131</b>	<b>-</b>	<b>\$190,131</b>	<b>\$126,225</b>	<b>\$12,271</b>	<b>\$51,635</b>	<b>100.0</b>
<b>TOTAL</b>							
<b>December 31, 2002</b>	<b>\$175,258</b>	<b>-</b>	<b>\$175,258</b>	<b>\$120,972</b>	<b>\$7,126</b>	<b>\$47,160</b>	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to \$18,000 (2002 - \$54,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**SUMMARY STATEMENT OF LOANS** (continued)  
**December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

**SCHEDULE 2**

Analysis by Special Fund	Effective Loans						Percent- age of total loans out- standing
	Loans Total approved 1/	approved but not yet effective	Signed agree- ments	Principal repaid to bank	Undis- bursed	Out- standing 2/	
<b>MEMBERS</b>							
Trinidad and Tobago	1,361	-	1,361	1,348	-	13	0.0
<b>OTHER CONTRIBUTORS</b>							
Caribbean Development Bank	13,927	-	13,927	8,127	1,652	4,148	8.0
Nigeria	4,827	-	4,827	3,203	-	1,624	3.1
United States of America	93,007	-	93,007	91,294	-	1,713	3.4
Inter-American Development Bank	35,723	-	35,723	12,538	10,181	13,004	25.2
European Union	10,340	-	10,340	5,079	36	5,225	10.1
International Development Association	30,946	-	30,946	4,636	402	25,908	50.2
<b>TOTAL - December 31, 2003</b>	<b>\$190,131</b>	<b>-</b>	<b>\$190,131</b>	<b>\$126,225</b>	<b>\$12,271</b>	<b>\$51,635</b>	<b>100.0</b>
<b>TOTAL - December 31, 2002</b>	<b>\$175,258</b>	<b>-</b>	<b>\$175,258</b>	<b>\$120,972</b>	<b>\$7,126</b>	<b>\$47,160</b>	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to \$18,000 (2002 - \$54,000). Repayments of certain loans have been rescheduled because of delays in the implementation of projects.



**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**SUMMARY STATEMENT OF LOANS** (continued)  
**December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

**SCHEDULE 2**

<b>Currencies Receivable</b>	<b>Loans Outstanding 2002</b>	<b>Trans-lation Adjust-ments</b>	<b>Disburse-ments</b>	<b>Sub-Total</b>	<b>Repay-ments</b>	<b>Provision for Losses</b>	<b>Loans Outstanding 2003</b>
Canadian dollars	183	41	-	224	(53)	-	171
Euros	5,225	1,065	-	6,290	(542)	-	5,748
Japanese yen	-	-	-	-	-	-	-
Pounds sterling	334	37	-	371	(47)	-	324
Special Drawing Rights	18,777	1,746	-	20,523	(450)	-	20,073
Trinidad and Tobago dollars	24	-	-	24	(11)	-	13
United States dollars	22,541	-	3,572	26,113	(882)	-	25,231
Others	76	17	-	93	(18)	-	75
<b>TOTAL - December 31, 2003</b>	<b>\$47,160</b>	<b>\$2,906</b>	<b>\$3,572</b>	<b>\$53,638</b>	<b>(\$2,003)</b>	<b>-</b>	<b>\$51,635</b>
<b>TOTAL - December 31, 2002</b>	<b>\$43,128</b>	<b>\$2,360</b>	<b>\$3,728</b>	<b>\$49,216</b>	<b>(\$2,056)</b>	<b>-</b>	<b>\$47,160</b>

**MATURITY STRUCTURE OF LOANS OUTSTANDING**

January 1, 2003 to December 31, 2003	1,706
January 1, 2004 to December 31, 2004	2,428
January 1, 2005 to December 31, 2005	2,421
January 1, 2006 to December 31, 2006	2,493
January 1, 2007 to December 31, 2007	2,173
January 1, 2008 to December 31, 2012	12,315
January 1, 2013 to December 31, 2017	11,610
January 1, 2018 to December 31, 2049	16,489
	<u>51,635</u>

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**STATEMENT OF CONTRIBUTIONS**  
**December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

**SCHEDULE 3**

Contributors	Contributions		
	Total 1/	Amounts not yet made available	Amounts made available
<b>MEMBERS</b>			
Canada 2/	1,555	-	1,555
Trinidad and Tobago	351	-	351
	1,906	-	1,906
<b>OTHER CONTRIBUTORS</b>			
Nigeria	1,000	-	1,000
Inter-American Development Bank 2/	41,721	16,008	25,713
European Investment Bank 2/	1,262	-	1,262
United States of America	15,473	-	15,473
European Union	6,932	-	6,932
International Development Association	31,449	4,395	27,054
	97,837	20,403	77,434
<b>TOTAL - December 31, 2003</b>	<b>\$99,743</b>	<b>\$20,403</b>	<b>\$79,340</b>
<b>TOTAL - December 31, 2002</b>	<b>\$84,834</b>	<b>\$12,960</b>	<b>\$71,874</b>

1/ Net of cancellations and repayments.

2/ Contributions with no fixed date of repayment - \$2,333,686.34

**MATURITY STRUCTURE OF REPAYABLE CONTRIBUTIONS OUTSTANDING**

January 1, 2004 to December 31, 2004	3,188
January 1, 2005 to December 31, 2005	3,228
January 1, 2006 to December 31, 2006	3,269
January 1, 2007 to December 31, 2007	3,310
January 1, 2008 to December 31, 2008	3,353
January 1, 2009 to December 31, 2013	16,754
January 1, 2014 to December 31, 2018	14,472
January 1, 2019 to December 31, 2058	29,432
<b>TOTAL</b>	<b>\$77,006</b>

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**SUMMARY STATEMENT OF CONTRIBUTIONS** (continued)  
**December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

**SCHEDULE 3**

<b>Currencies repayable</b>	<b>Contributions made available 2002</b>	<b>Trans-Drawdowns/lation adjustments</b>	<b>Appropriations from Capital</b>	<b>Sub-total</b>	<b>Repayments</b>	<b>Contributions made available 2003</b>
Canadian dollars	1,702	385	-	2,087	(76)	2,011
Euros	7,615	1,578	-	9,193	(423)	8,770
Japanese yen	447	49	-	496	(102)	394
Pounds sterling	822	91	-	913	(33)	880
Special Drawing Rights	19,751	1,836	-	21,587	(394)	21,193
Swedish kroners	195	42	-	237	(19)	218
Trinidad and Tobago dollars	403	3	-	406	(54)	352
United States dollars	40,939	-	6,660	47,599	(2,077)	45,522
Others	-	-	-	-	-	-
<b>TOTAL - December 31, 2003</b>	<b>\$71,874</b>	<b>\$3,984</b>	<b>\$6,660</b>	<b>\$82,518</b>	<b>(\$3,178)</b>	<b>\$79,340</b>
<b>TOTAL - December 31, 2002</b>	<b>\$72,755</b>	<b>(\$2,903)</b>	<b>\$274</b>	<b>\$75,932</b>	<b>(\$4,058)</b>	<b>\$71,874</b>

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**STATEMENT OF ACCUMULATED NET INCOME**  
**December 31, 2003 and 2002**  
**Expressed in thousands of United States dollars - Note A**

SCHEDULE 4

CONTRIBUTORS	ACCUMULATED NET INCOME				
	Brought forward 2002	Translation Adjustments	Net Income 2003	Appropriations	Carried forward 2003
General Funds	5,847	1,005	1,372	-	8,224
Private Sector Fund	772	-	144	-	916
European Investment Bank	30	(102)	18	-	(54)
European Union	1,418	49	34	-	1,501
Inter-American Development Bank	1,338	(190)	(27)	-	1,121
International Development Association	327	(75)	9	-	261
Nigeria	6,307	21	83	-	6,411
United States of America	24,852	-	195	-	25,047
<b>TOTAL - December 31, 2003</b>	<b>\$40,891</b>	<b>\$708</b>	<b>\$1,828</b>	<b>-</b>	<b>\$43,427</b>
<b>TOTAL - December 31, 2002</b>	<b>\$38,421</b>	<b>(\$277)</b>	<b>2,747</b>	<b>-</b>	<b>\$40,891</b>

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS  
STATEMENT OF TECHNICAL ASSISTANCE AND OTHER  
GRANT RESOURCES**

**SCHEDULE 5**

**December 31, 2003 and 2002**

**Expressed in thousands of United States dollars - Note A**

CONTRIBUTORS	CONTRIBUTIONS				
	Total 1/	Amounts not yet made available	Amounts made available	Amounts utilised	Net amounts available
<b>MEMBERS</b>					
Canada	7,877	-	7,877	2,954	4,923
United Kingdom	3,176	-	3,176	2,229	947
Italy	457	-	457	252	205
	11,510	-	11,510	5,435	6,075
<b>OTHER CONTRIBUTORS</b>					
Caribbean Development Bank	143,455	22,089	121,366	52,650	68,716
United States of America	22,250	2,186	20,064	20,064	0
United Nations Development Programme	141	-	141	141	0
Inter-American Development Bank	21,960	21,522	438	438	0
Nigeria	193	-	193	147	46
Subtotal	187,999	45,797	142,202	73,440	68,762
<b>TOTAL - December 31, 2003</b>	<b>\$199,509</b>	<b>\$45,797</b>	<b>\$153,712</b>	<b>\$78,875</b>	<b>\$74,837</b>
<b>TOTAL - December 31, 2002</b>	<b>\$170,123</b>	<b>\$23,839</b>	<b>\$146,284</b>	<b>\$73,042</b>	<b>\$73,242</b>
<b>SUMMARY</b>					
Basic Needs Trust Fund	61,200	-	61,200	56,998	4,202
Other Resources	138,309	45,797	92,512	21,877	70,635
<b>TOTAL - December 31, 2003</b>	<b>\$199,509</b>	<b>\$45,797</b>	<b>\$153,712</b>	<b>\$78,875</b>	<b>\$74,837</b>
Basic Needs Trust Fund	61,200	-	61,200	55,509	5,691
Other Resources	108,923	23,839	85,084	17,533	67,551
<b>TOTAL - December 31, 2002</b>	<b>\$170,123</b>	<b>\$23,839</b>	<b>\$146,284</b>	<b>\$73,042</b>	<b>\$73,242</b>

1/ Net of cancellations and resources fully utilised and expended in non-reimbursable operations.

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
December 31, 2003 and 2002**

**APPENDIX IV-C(10)**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Other Special Funds (OSF) were established to carry out the special operations of the Bank by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

Due to the nature of the OSF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be a presentation in accordance with International Financial Reporting Standards. These special purpose financial statements have been prepared in accordance with the accounting policies outlined below.

Preparation of these special purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

**Translation of Currencies**

The financial statements are expressed in United States dollars solely for the purpose of summarising the Caribbean Development Bank (the "Bank's") financial position and the results of its operations.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars either at the par values established for those currencies with the International Monetary Fund, or where no par values are maintained, at rates which have been determined by the Bank to be appropriate for translation. In general, the rates so determined will be the approximate market rates of exchange prevailing at the dates of the financial statements. Differences in the United States dollar equivalents of opening accumulated net income arising from changes in exchange rates applied at the beginning of the year and at the end of the year are included as translation adjustments in accumulated net income.

Income and expenses in currencies other than United States dollars are translated into United States dollars at applicable rates of exchange on the transaction dates. This practice approximates the application of average rates in effect during the year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

**Investments**

All investment securities are held in a trading portfolio and reported at fair market value. Trading securities are initially recognised at cost (which includes transaction costs) and subsequently re-measured at fair value based on quoted market prices. All related realised and unrealised gains and losses are included in investment income. Interest earned whilst holding trading securities is reported as interest income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
December 31, 2003 and 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Loans**

All loans by the Bank are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are payable to the Bank in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member country in which the loans are made. Loans to the private sector are secured by other forms of security deemed appropriate by the Bank.

The Bank is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans. The Bank has two categories of loans: (a) variable-rate loans; and (b) fixed-rate loans. The interest rate on variable rate loans is reset semi-annually. For all loans and related commitments, the Bank is of the opinion that due to its unique position in its lending operations and the absence of a secondary market, it is not practicable to estimate a fair value for the Bank's lending portfolio.

Loans outstanding to the Bank at December 31, 2003 were \$51,635,000 (2002 - \$47,160,000). The average interest rates earned on loans outstanding was 1.72% (2002 - 1.66%). There were no impaired loans at December 31, 2003.

**Cash and Cash Equivalents**

For the purposes of the cash flow statements, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

**Technical Assistance and Grants**

Technical assistance and grants for capital projects to borrowing member countries are provided either from non-reimbursable grants received from contributors or from other resources specifically allocated for this purpose. An amount of \$13,000,000 has been included to assist in the relief of Guyana's debt service under the Heavily Indebted Poor Countries Initiative.

**Administrative Expenses**

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources, the Other Special Funds and the Special Development Fund in accordance with a method of allocation notified to the Board of Directors.

**Comparatives**

Certain comparative figures have been restated in order to conform to changes in presentation in the current year.

**NOTE B - INVESTMENTS**

As part of its overall portfolio management strategy, the Bank invests in Government agency, supranational and bank obligations, including the time deposits. The Bank limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Bank.

The annualised rate of return on the average investments held during the year, including gains and losses both realised and unrealised, was 2.99% (2002 - 4.39%). Net realised gains on investments amounted to \$155,700 (2002 - \$205,600), while net unrealised losses amounted to \$259,569 (2002 - gain of \$549,511).

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE C - FUNDS**

In accordance with the Agreement establishing the Bank (the Agreement), Special Funds Resources comprise the Special Development Fund and Other Special Funds established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. For the purposes of these financial statements, the Other Special Funds have been presented separately from the Special Development Fund. The Other Special Funds are established in accordance with agreements between the Bank and contributors and, in general, are for specific types of projects as agreed between the Bank and the contributors. In accordance with the Agreement, each Special Fund, its resources and accounts are kept entirely separate from other Special Funds, their resources and accounts.

For the purpose of presentation in these financial statements, the financial statements of each of the Other Special Funds have been aggregated.

Technical assistance and other grant resources include resources for the Basic Needs Trust Fund and other resources established for specific purposes as determined between the Bank and contributors. An amount of \$40,200,000 is included for Basic Needs Trust Fund capital projects in the less developed member countries.

Details of contributions, loans and technical assistance resources of the Other Special Funds are stated at the equivalent in thousands of United States dollars where such contributions, loans and technical assistance grants have been made in currencies other than United States dollars and are as follows:

	<b>2003</b>	<b>2002</b>
<b>Canada</b>		
Agricultural	\$1,555	\$1,268
The contributions are interest-free with no date for repayment.		
Technical Assistance Resources	\$7,877	\$4,279
<b>Italy</b>		
Technical Assistance Resources	\$457	\$457
<b>Trinidad and Tobago</b>		
Counterpart Contribution	1,346	1,337
Less repayments	995	934
	<b>\$351</b>	<b>\$403</b>

The contribution is subject to interest at the rate of 2.5% and is repayable during the period 1985-2010.



**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE C - FUNDS (continued)**

	<b>2003</b>	<b>2002</b>
<b>Nigeria</b>		
Contribution	5,000	5,000
Less repayments	4,000	3,800
	<u>\$1,000</u>	<u>\$1,200</u>
Technical Assistance Resources	\$193	\$193

The contribution from Nigeria is subject to interest at the rate of 3% per annum and is repayable during the period 1984-2008.

**United Kingdom**

Technical Assistance Resources	\$3,176	\$1,852
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**Inter-American Development Bank**

First Global loan	8,041	7,461
Less repayments	8,041	7,066
	-	395
Second Global loan	4,758	4,344
Less repayments	2,447	2,091
	2,311	2,253
Pre-investment loan	454	454
Less repayments	454	454
	-	-
975/SF-RG	17,000	17,000
Less Repayments	258	-
	16,742	19,648
1108/SF-RG Global Credit	6,660	-
Technical Assistance Resources	\$21,960	\$21,960

The first global loan was subject to interest at the rate of 1% per annum until 1983 and thereafter at 2% per annum and is repayable during the period 1985 to 2003. The second global loan was subject to interest at the rate of 1% per annum until 1994 and thereafter at 2% per annum and is repayable during the period 1995 to 2015.

The pre-investment loan was subject to interest at the rate of 1% per annum up to 1982 and

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE C - FUNDS (continued)**

subsequently at 2% per annum and was repayable during the period 1983 to 2002.

Loan 975/SF-RG is subject to interest at the rate of 1% per annum until 2006 and thereafter at 2% per annum and is repayable during the period 2003 to 2036.

Global Credit 1108/SF-RF is subject to interest at the rate of 1% for the first ten years and 2% thereafter and is repayable during the period 2012-2042.

The loans are subject to a credit fee of 0.5% per annum on any undrawn balance.

**European Investment Bank**

Global Loan II - B

	2003	2002	Due Dates
Global Loan II - B	\$1,262	\$1,048	

Repayable in full in a single instalment on September 30, 2016.

**United States of America**

Contributions

Agricultural

7,052	7,052	1988-2018
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Less repayments

2,908	2,683	
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<u>4,144</u>	<u>4,369</u>	
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Basic Human Needs

2,000	2,000	1991-2001
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Less repayments

2,000	2,000	
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<u>-</u>	<u>-</u>	
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**Caribbean Development Facility**

First Contribution

Part 1

17,870	17,870	1988-1998
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Part 2

2,000	2,000	1988-2008
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Subtotal

<u>19,870</u>	<u>19,870</u>	
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Less repayments

<u>19,304</u>	<u>19,200</u>	
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566	670	
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Second Contribution

17,500	17,500	1990-2000
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Less repayments

<u>17,500</u>	<u>17,500</u>	
---------------	---------------	--

<u>-</u>	<u>-</u>	
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Third Contribution

16,000	16,000	1991-2001
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Less repayments

<u>16,000</u>	<u>16,000</u>	
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<u>-</u>	<u>-</u>	
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Fourth Contribution

12,000	12,000	1992-2002
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Less repayments

<u>12,000</u>	<u>12,000</u>	
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<u>-</u>	<u>-</u>	
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566	670	
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Employment Investment Promotion

6,732	6,732	1990-2000
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Less repayments

<u>2,353</u>	<u>2,051</u>	
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<u>4,379</u>	<u>4,681</u>	
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**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE C - FUNDS (continued)**

	2003	2002	Due Dates
<b>Caribbean Development Facility (continued)</b>			
Housing	8,400	8,400	1983-2012
Less repayments	<u>4,775</u>	<u>4,469</u>	
	3,625	3,931	
Regional Agri-business Development	6,300	6,300	1991-2021
Less repayments	<u>3,541</u>	<u>3,216</u>	
	2,759	3,084	
	<u>\$15,473</u>	<u>\$16,635</u>	

All contributions are subject to interest at the rate of 2% per annum on the amount outstanding for the first ten years after first disbursement and thereafter, at the rate of 3% per annum.

Technical Assistance Resources	<u>\$22,250</u>	<u>\$22,250</u>
European Union		
First contribution	7,384	6,134
Less repayments	<u>2,691</u>	<u>2,038</u>
	4,693	4,096
Second contribution	18,308	22,038
Less cancellation	<u>15,178</u>	<u>19,438</u>
	3,130	2,600
Less repayments	<u>891</u>	<u>659</u>
	2,239	1,941
	<u>\$6,932</u>	<u>\$6,037</u>

The contributions are subject to interest at the rate of 1% per annum. The first contribution is repayable during the period 1992-2021 and the second contribution during the period 1994-2024.

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**December 31, 2003 and 2002**

**NOTE C - FUNDS (continued)**

**International Development Association**

	<b>2003</b>		<b>2002</b>		<b>Due Dates</b>
Credit No. 960/CRG	6,481		6,481		1990-2029
Less repayments	<u>1,426</u>	5,055	<u>1,234</u>	5,247	
Credit No. 37/CRG (EEC)	924		785		1990-2029
Less repayments	<u>117</u>	807	<u>149</u>	636	
Credit No. 1364/CRG	8,032		7,349		
	<u>924</u>	7,108	<u>699</u>	6,650	1993-2033
Credit No. 1785/CRG	6,860		6,277		
Less repayments	<u>446</u>	6,414	<u>345</u>	5,932	1997-2037
Credit No. 2135/CRG	8,247		7,545		2000-2030
Less repayments	<u>577</u>	7,670	<u>377</u>	7,168	
Credit No. 2640/CRG	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	2004-2034
		<u>\$27,054</u>		<u>\$25,633</u>	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding. In addition, the credits totalling \$41,753,035 (2002 - \$38,201,030) representing 28,200,000 Special Drawing Rights are subject to a commitment fee not exceeding 0.5% per annum on amounts eligible for withdrawal but remain undrawn.

The credit of \$807,000 (2002 - \$636,000) consisting of various currencies represents resources from the Special Action Credit of the European Commission.

**Caribbean Development Bank**

Technical Assistance Resources	<u>\$143,455</u>	<u>\$118,991</u>
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**NOTE D - ACCUMULATED NET INCOME AND NET INCOME FOR THE YEAR**

It is normal for the Board of Governors to determine the disposition of the accumulated net income and net income for the current year of each of the Other Special Funds, subject to any rules and regulations governing each Fund and any agreement relating thereto.

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**Gross Loan Approvals by Country and by Fund Resources - 2003**  
(\$'000)

Country/Project	Borrower	OCR		Special Fund Resources				Grand Total
		E & M	Total	Unified SDF	IDB	GDF	Total	
<b>Antigua and Barbuda</b>								
Caribbean Court of Justice	Government	2,200	2,200	-	-	-	-	2,200
<b>Sub-Total</b>		<b>2,200</b>	<b>2,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,200</b>
<b>Barbados</b>								
Caribbean Court of Justice	Government	13,500	13,500	-	-	-	-	13,500
<b>Sub-Total</b>		<b>13,500</b>	<b>13,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,500</b>
<b>Belize</b>								
Caribbean Court of Justice	Government	2,200	2,200	-	-	-	-	2,200
Social Investment Fund	Government	3,656	3,656	3,417	-	-	3,417	7,073
<b>Sub-Total</b>		<b>5,856</b>	<b>5,856</b>	<b>3,417</b>	<b>-</b>	<b>-</b>	<b>3,417</b>	<b>9,273</b>
<b>British Virgin Islands</b>								
Beef Island International Airport (Additional Loan)	Government	7,251	7,251	-	-	-	-	7,251
<b>Sub-Total</b>		<b>7,251</b>	<b>7,251</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,251</b>
<b>Dominica</b>								
Caribbean Court of Justice	Government	2,200	2,200	-	-	-	-	2,200
Upgrading of Eco-tourism Sites (Additional Loan)	Government	1,743	1,743	1,314	-	-	1,314	3,057
Economic Stabilisation Loan	Government	-	-	-	-	3,000	3,000	3,000
<b>Sub-Total</b>		<b>3,943</b>	<b>3,943</b>	<b>1,314</b>	<b>-</b>	<b>3,000</b>	<b>4,314</b>	<b>8,257</b>
<b>Grenada</b>								
Caribbean Court of Justice	Government	2,200	2,200	-	-	-	-	2,200
Economic Reconstruction Programme - Rehabilitation of Schools	Government	2,209	2,209	-	2,213	-	2,213	4,422
<b>Sub-Total</b>		<b>4,409</b>	<b>4,409</b>	<b>-</b>	<b>2,213</b>	<b>-</b>	<b>2,213</b>	<b>6,622</b>



**Gross Loan Approvals by Country and by Fund Resources - 2003**  
 (\$'000)

Country/Project	Borrower	OCR		Special Fund Resources				Grand Total
		E & M	Total	Unified SDF	IDB	GDF	Total	
<b>Guyana</b>								
Caribbean Court of Justice	Government	4,400	4,400	-	-	4,400	4,400	8,800
Third Road Project	Government	9,102	9,102	10,000	-	-	10,000	19,102
Skeldon Sugar Modernisation Project	Government	14,240	14,240	13,990	-	-	13,990	28,230
Secondary Towns Development, Technical Assistance	Government	-	-	683	-	-	683	683
<b>Sub-Total</b>		<b>27,742</b>	<b>27,742</b>	<b>24,673</b>	<b>-</b>	<b>-</b>	<b>29,073</b>	<b>56,815</b>
<b>Jamaica</b>								
Caribbean Court of Justice	Government	28,700	28,700	-	-	-	-	28,700
<b>Sub-Total</b>		<b>28,700</b>	<b>28,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,700</b>
<b>St. Kitts and Nevis</b>								
Caribbean Court of Justice	Government	2,200	2,200	-	-	-	-	2,200
Fifth Student Loan	Government	4,500	4,500	500	-	-	500	5,000
West Basseterre Bypass Road	Government	7,560	7,560	-	-	-	-	7,560
<b>Sub-Total</b>		<b>14,260</b>	<b>14,260</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>14,760</b>
<b>St. Lucia</b>								
Caribbean Court of Justice	Government	2,200	2,200	-	-	-	-	2,200
Economic Reconstruction Programme - Rehabilitation of Primary Schools and Health Centres	Government	2,543	2,543	-	3,505	-	3,505	6,048
<b>Sub-Total</b>		<b>4,743</b>	<b>4,743</b>	<b>-</b>	<b>3,505</b>	<b>-</b>	<b>3,505</b>	<b>8,248</b>
<b>St. Vincent and the Grenadines</b>								
Caribbean Court of Justice	Government	2,200	2,200	-	-	-	-	2,200
Agricultural and Industrial Credit	SVGDB	3,000	3,000	-	-	-	-	3,000
<b>Sub-Total</b>		<b>5,200</b>	<b>5,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,200</b>

**Gross Loan Approvals by Country and by Fund Resources - 2003**  
 (\$'000)

Country/Project	Borrower	OCR		Special Fund Resources				Grand Total
		E & M	Total	Unified SDF	IDB	GDF	Total	
<b>Trinidad and Tobago</b>								
Caribbean Court of Justice	Government	31,600	31,600	-	-	-	-	31,600
<b>Sub-Total</b>		<b>31,600</b>	<b>31,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,600</b>
<b>Total</b>		<b>149,404</b>	<b>149,404</b>	<b>29,904</b>	<b>5,718</b>	<b>7,400</b>	<b>43,022</b>	<b>192,426</b>
Average Interest Rate (% per annum)		5.5	5.5	2.1	2.5	2.5	2.2	4.8
LDCs		47,862	47,862	5,231	5,718	3,000	13,949	61,811
MDCs		101,542	101,542	24,673	-	4,400	29,073	130,615





APPENDIX I-B

Gross Equity Approval by Country and by Fund Resources - 2003

(\$'000)

<b>Country/Purpose</b>	<b>OSF Private Sector Fund</b>
Regional Investment in East Caribbean Securities Exchange	100
<b>Total</b>	<b>100</b>

**Gross Grant Approvals by Country and by Fund Resources - 2003**  
 (\$'000)

Country/Purpose	SDFU	SDFO	IDB	CTCF	Other Special Funds	Total
<b>Anguilla</b>						
Caribbean Technological Consultancy Services	15	-	-	-	-	15
<b>Sub-Total</b>	<b>15</b>	-	-	-	-	<b>15</b>
<b>Antigua and Barbuda</b>						
Caribbean Technological Consultancy Services	4	-	-	-	-	4
<b>Sub-Total</b>	<b>4</b>	-	-	-	-	<b>4</b>
<b>Bahamas</b>						
Preparation of Craft Market Project	-	-	-	100	-	100
Caribbean Technological Consultancy Services	14	-	-	-	-	14
<b>Sub-Total</b>	<b>14</b>	-	-	<b>100</b>	-	<b>114</b>
<b>Barbados</b>						
Caribbean Technological Consultancy Services	27	-	-	-	-	27
<b>Sub-Total</b>	<b>27</b>	-	-	-	-	<b>27</b>
<b>Belize</b>						
Control and Prevention of HIV/AIDS	150	-	-	-	-	150
Institutional Strengthening of the Toledo Development Corporation and Community Based Organisations in Toledo District	150	-	-	-	-	150
<b>Sub-Total</b>	<b>300</b>	-	-	-	-	<b>300</b>
<b>Dominica</b>						
Institutional Strengthening of the Ministry of Finance, Industry and Planning	146	-	-	-	-	146
Assessment of Assistance and Support Needs for Economic Stabilisation and Adjustment Programme	148	-	-	-	-	148
Caribbean Technological Consultancy Services	7	-	-	-	-	7
<b>Sub-Total</b>	<b>301</b>	-	-	-	-	<b>301</b>
<b>Grenada</b>						
Review of the Pay and Grade Structure and Conduct of a Public and Private Sector Salary Survey	149	-	-	-	-	149
Development of National Strategic Plan for Health	59	-	-	-	-	59
Project Preparation, Grenville Market Square Development	-	-	-	100	-	100
Caribbean Technological Consultancy Services	77	-	-	-	-	77
<b>Sub-Total</b>	<b>285</b>	-	-	<b>100</b>	-	<b>385</b>
<b>Guyana</b>						
Governance, Conflict Analysis and Conflict Resolution	-	46	-	-	-	46
Project Preparation, Technical and Vocational Education and Training	-	-	-	100	-	100
Caribbean Technological Consultancy Services	49	-	-	-	-	49
<b>Sub-Total</b>	<b>49</b>	<b>46</b>	-	<b>100</b>	-	<b>195</b>
<b>Jamaica</b>						
Caribbean Technological Consultancy Services	119	-	-	-	-	119
<b>Sub-Total</b>	<b>119</b>	-	-	-	-	<b>119</b>

**Gross Grant Approvals by Country and by Fund Resources - 2003**  
**(\$'000)**

Country/Purpose	SDFU	SDFO	IDB	CTCF	Other Special Funds	Total
<b>Montserrat</b>						
Caribbean Technological Consultancy Services	22	-	-	-	-	22
<b>Sub-Total</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>
<b>St. Kitts and Nevis</b>						
Preparation of Youth Development Project	-	-	-	100	-	100
Caribbean Technological Consultancy Services	38	-	-	-	-	38
<b>Sub-Total</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>138</b>
<b>St. Lucia</b>						
Institutional Strengthening of Inland Revenue Department	-	-	138	-	-	138
Simplification and Computerisation of Customs Procedures and Data Using ASYCUDA++	218	-	240	-	-	458
Caribbean Technological Consultancy Services	48	-	-	-	-	48
<b>Sub-Total</b>	<b>266</b>	<b>-</b>	<b>378</b>	<b>-</b>	<b>-</b>	<b>644</b>
<b>St. Vincent and the Grenadines</b>						
North Windward Development	143	-	-	-	-	143
Caribbean Technological Consultancy Services	47	-	-	-	-	47
<b>Sub-Total</b>	<b>190</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190</b>
<b>Trinidad and Tobago</b>						
Caribbean Technological Consultancy Services	16	-	-	-	-	16
<b>Sub-Total</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>
<b>Turks and Caicos Islands</b>						
Caribbean Technological Consultancy Services	2	-	-	-	-	2
<b>Sub-Total</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Regional</b>						
Transfer of Secretariat of CGCED	-	-	-	-	415	415
TA to CDB to more effectively carry out its Mandate	-	-	-	-	646	646
Fourth Annual SALISES Conference	5	-	-	-	-	5
Capacity Building in the Assessment of Socio-economic and Environmental Impacts of Disasters	20	-	-	-	-	20
Development of a Model National Hazard Mitigation Policy	-	-	-	-	21	21
Establishment of a Facility for Funding Training Attachments	50	-	-	-	-	50
Financing Sectoral Experts' Meetings and Workshops	-	120	-	-	-	120
First CDB Vulnerability Assessment Forum and Training Workshop	22	-	-	-	30	52
Mid-term Evaluation of the Fifth Cycle of SDF	73	-	-	-	-	73
Support for Institutional Development of a Regional Micro-Finance Institution for the Eastern Caribbean and Guyana	140	-	-	-	-	140
Social Network of Latin America and the Caribbean Workshop	36	-	-	-	-	36

**Gross Grant Approvals by Country and by Fund Resources - 2003**  
 (\$'000)

<b>Country/Purpose</b>	<b>SDFU</b>	<b>SDFO</b>	<b>IDB</b>	<b>CTCF</b>	<b>Other Special Funds</b>	<b>Total</b>
<b>Regional (cont'd)</b>						
Consultancy Services to Undertake a Study on Drug Control Policy for the Caribbean and Policy Relating to Criminal Deportees	35	-	-	-	-	35
OECS Exporters' Mission to Canada	7	-	-	-	-	7
Early Childhood Development Workshops, Child Focus II	40	-	-	-	-	40
Negotiating Skills Training Workshop	10	-	-	-	-	10
Regional Workshop on Tax Policy Design	-	120	-	-	-	120
Preparation of Volcanic Hazard Atlas of the Lesser Antilles	-	-	-	-	105	105
International Course on Development and Disasters with Special Focus on Health	-	-	-	-	20	20
Development of Natural Hazard Mitigation Policies in BMCs Phase 1 - Regional	-	-	-	-	49	49
Rice Industry Development	41	-	-	-	45	86
Regional Youth Business Trust's Conference	3	-	-	-	-	3
Development of Natural Hazard Mitigation Policies BMCs Phase	-	-	-	-	76	76
Mid-term Evaluation of CDB's Change Management Programme	-	-	-	52	-	52
Train-The-Trainers Workshop, Youth Development Project	95	-	-	-	-	95
Incorporation of Natural Hazard Risk Management in Development Programmes and Projects	-	-	-	-	116	116
Review of Draft Revised Human Resource Development Policy	50	-	-	-	-	50
Evaluation of CDB's Student Loan Scheme	-	-	-	100	-	100
Association of Caribbean Social Work Educators	10	-	-	-	-	10
<b>Sub-Total</b>	<b>637</b>	<b>240</b>	<b>-</b>	<b>152</b>	<b>1,523</b>	<b>2,552</b>
<b>Grand Total</b>	<b>2,285</b>	<b>286</b>	<b>378</b>	<b>552</b>	<b>1,523</b>	<b>5,024</b>

**Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net)  
by Country and by Fund - 2003**

(\$'000)

<b>Country</b>	<b>Ordinary Capital Resources</b>	<b>Special Develop- ment Fund</b>	<b>Other Special Funds</b>	<b>Total</b>	<b>Percentage of Total</b>
Anguilla	-	(8)	-	(8)	(0.0)
Antigua and Barbuda	2,200	(678)	-	1,522	0.8
Bahamas	-	14	100	114	0.1
Barbados	13,500	27	-	13,527	7.1
Belize	5,856	3,664	-	9,520	5.0
British Virgin Islands	7,251	-	-	7,251	3.8
Cayman Islands	(126)	-	-	(126)	(0.1)
Dominica	3,943	1,414	3,000	8,357	4.4
Grenada	4,409	277	2,313	6,999	3.7
Guyana	27,742	24,768	4,500	57,010	30.1
Jamaica	28,700	11	-	28,711	15.2
Montserrat	-	(85)	-	(85)	(0.0)
St. Kitts and Nevis	14,260	(1,108)	100	13,252	7.0
St. Lucia	4,743	(75)	3,883	8,551	4.5
St. Vincent and the Grenadines	5,200	64	-	5,264	2.8
Trinidad and Tobago	26,853	16	-	26,869	14.2
Turks and Caicos Islands	-	2	-	2	0.0
Regional :					
LDC Focus	-	37	281	318	0.2
LDC/MDC Focus	-	702	1,494	2,196	1.2
<b>Total</b>	<b>144,531</b>	<b>29,042</b>	<b>15,671</b>	<b>189,244</b>	
<b>Percentage of Total</b>	<b>76.4</b>	<b>15.3</b>	<b>8.3</b>		<b>100.0</b>
MDCs	96,795	24,836	4,600	126,231	66.7
LDCs	47,736	3,467	9,296	60,499	32.0
Regional	-	739	1,775	2,514	1.3

**Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net)**  
**by Sector and by Fund - 2003**  
 (\$'000)

Sector	Ordinary Capital Resources	Special Develop- ment Fund	Other Special Funds	Total
<b>Total All Sectors</b>	<b>144,531</b>	<b>29,042</b>	<b>15,671</b>	<b>189,244</b>
<b>Agriculture, Forestry and Fishing</b>	-	41	45	86
Crop Farming	-	41	45	86
<b>Manufacturing</b>	<b>14,240</b>	<b>13,990</b>	-	<b>28,230</b>
Sugar	14,240	13,990	-	28,230
<b>Tourism</b>	<b>1,743</b>	<b>1,306</b>	-	<b>3,049</b>
Integrated Tourism Facilities	1,743	1,314	-	3,057
Tourism Supporting Services	-	(8)	-	(8)
<b>Transportation, Communication and Sea</b>	<b>23,913</b>	<b>10,000</b>	-	<b>33,913</b>
Transport:				
Road Transport	16,662	10,000	-	26,662
Air Transport	7,251	-	-	7,251
<b>Power, Energy and Water</b>	-	(93)	-	(93)
Power and Energy:				
Electric Power	-	(93)	-	(93)
<b>Social Services</b>	<b>4,752</b>	<b>547</b>	<b>5,818</b>	<b>11,117</b>
Housing	-	(129)	-	(129)
Health	195	203	2,755	3,153
Education	4,557	473	3,063	8,093
<b>Multi-Sector and Other</b>	<b>97,256</b>	<b>4,408</b>	<b>9,808</b>	<b>111,472</b>
Urban Development	-	676	-	676
Disaster Rehabilitation	-	(1,022)	417	(605)
Distributive Trade	-	-	200	200
Structural Adjustment Programme	-	148	3,000	3,148
Other	97,256	4,606	6,191	108,053
<b>Financing and Distribution</b>	<b>2,627</b>	<b>(1,157)</b>	-	<b>1,470</b>
Agriculture	(936)	-	-	(936)
Industry and Tourism	(937)	-	-	(937)
Housing	-	(1,500)	-	(1,500)
Education	4,500	343	-	4,843

**Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net)**  
**by Country and by Sector - 2003**  
**(\$'000)**

Country	Directly Productive Sector					Economic Infrastructure & Other							Multi-Sector	Total	
	Agriculture, Forestry & Fishing	Manufacturing	Tourism	Mining	Sub-Total	Power & Energy	Water	Transportation & Communication	Sea Defences	Housing Education*	Health & Sanitation	Sub-Total			
Anguilla	-	-	-	-	-	-	-	-	-	-	-	-	(8)	(8)	
Antigua and Barbuda	-	-	-	-	-	-	-	-	-	-	-	-	1,522	1,522	
Bahamas	-	-	-	-	-	-	-	-	-	-	-	-	114	114	
Barbados	-	-	-	-	-	-	-	-	-	-	-	-	13,527	13,527	
Belize	-	-	-	-	-	-	-	-	-	-	150	150	9,370	9,520	
British Virgin Islands	-	-	-	-	-	-	-	7,251	-	-	-	7,251	-	7,251	
Cayman Islands	(63)	(63)	-	-	(126)	-	-	-	-	-	-	-	-	(126)	
Dominica	-	-	3,057	-	3,057	-	-	-	-	(85)	-	(85)	5,385	8,357	
Grenada	-	-	-	-	-	-	-	-	-	4,422	55	4,477	2,522	6,999	
Guyana	-	28,230	-	-	28,230	-	-	19,102	-	100	-	19,202	9,578	57,010	
Jamaica	-	-	-	-	-	(91)	-	-	-	-	-	(91)	28,802	28,711	
Montserrat	-	-	(8)	-	(8)	-	-	-	-	(72)	-	(72)	(5)	(85)	
St. Kitts and Nevis	-	-	-	-	-	(2)	-	7,560	-	(1,629)	5,000	10,929	2,323	13,252	
St. Lucia	-	-	-	-	-	-	-	-	-	3,098	2,950	6,048	2,503	8,551	
St. Vincent and the Grenadines	1,500	1,500	-	-	3,000	-	-	-	-	-	-	-	2,264	5,264	
Trinidad and Tobago	(2,373)	(2,374)	-	-	(4,747)	-	-	-	-	-	-	-	31,616	26,869	
Turks and Caicos Islands	-	-	-	-	-	-	-	-	-	-	-	-	2	2	
Regional :															
LDC Focus	-	-	-	-	-	-	-	-	-	29	(2)	27	291	318	
LDC/MDC Focus	86	-	-	-	86	-	-	-	-	444	-	444	1,666	2,196	
<b>Total</b>	<b>(850)</b>	<b>27,293</b>	<b>3,049</b>	<b>-</b>	<b>29,492</b>	<b>(93)</b>	<b>-</b>	<b>33,913</b>	<b>-</b>	<b>(1,629)</b>	<b>12,936</b>	<b>3,153</b>	<b>48,280</b>	<b>111,472</b>	<b>189,244</b>

\*Education section inclusive of student loan figures.

**Distribution of Loans Approved (Net)**  
**by Country and by Fund - 2003**  
 (\$'000)

Country	Ordinary Capital Resources	Special Develop- ment Fund	Other Special Funds	Total	Percentage of Total
Anguilla	-	(23)	-	(23)	(0.0)
Antigua and Barbuda	2,200	(500)	-	1,700	0.9
Barbados	13,500	-	-	13,500	7.3
Belize	5,856	3,417	-	9,273	5.0
British Virgin Islands	7,251	-	-	7,251	3.9
Cayman Islands	(126)	-	-	(126)	(0.1)
Dominica	3,943	1,229	3,000	8,172	4.4
Grenada	4,409	(4)	2,213	6,618	3.6
Guyana	27,742	24,673	4,400	56,815	30.8
Jamaica	28,700	(91)	-	28,609	15.5
Montserrat	-	(72)	-	(72)	(0.0)
St. Kitts and Nevis	14,260	(1,131)	-	13,129	7.1
St. Lucia	4,743	(341)	3,505	7,907	4.3
St. Vincent and the Grenadines	5,200	(126)	-	5,074	2.7
Trinidad and Tobago	26,853	-	-	26,853	14.5
<b>Total</b>	<b>144,531</b>	<b>27,031</b>	<b>13,118</b>	<b>1874,680</b>	
Percentage of Total	78.3	14.6	7.1		100.0
MDCs	96,795	24,582	4,400	125,777	68.1
LDCs	47,736	2,449	8,718	58,903	31.9



**Distribution of Loans Approved (Net)**  
**by Sector and by Fund - 2003**  
**(\$'000)**

Sector	Ordinary Capital Resources	Special Develop- ment Fund	Other Special Funds	Total
<b>Total All Sectors</b>	<b>144,531</b>	<b>27,031</b>	<b>13,118</b>	<b>184,680</b>
<b>Manufacturing</b>	<b>14,240</b>	<b>13,990</b>	-	<b>28,230</b>
Sugar	14,240	13,990	-	28,230
<b>Tourism</b>	<b>1,743</b>	<b>1,314</b>	-	<b>3,057</b>
Integrated Tourism Facilities	1,743	1,314	-	3,057
<b>Transportation, Communication and Sea Defense</b>	<b>23,913</b>	<b>10,000</b>	-	<b>33,913</b>
Transport:				
Road Transport	16,662	10,000	-	26,662
Air Transport	7,251	-	-	7,251
<b>Power, Energy and Water</b>	-	<b>(93)</b>	-	<b>(93)</b>
Power and Energy:				
Electric Power	-	(93)	-	(93)
<b>Social Services</b>	<b>4,752</b>	<b>(129)</b>	<b>5,718</b>	<b>10,341</b>
Housing	-	(129)	-	(129)
Health	195	-	2,755	2,950
Education	4,557	-	2,963	7,520
<b>Multi-Sector and Other</b>	<b>97,256</b>	<b>3,106</b>	<b>7,400</b>	<b>107,762</b>
Urban Development	-	683	-	683
Disaster Rehabilitation	-	(994)	-	(994)
Structural Adjustment Programme	-	-	3,000	3,000
Other	97,256	3,417	4,400	105,073
<b>Financing and Distribution</b>	<b>2,627</b>	<b>(1,157)</b>	-	<b>1,470</b>
Agriculture	(936)	-	-	(936)
Industry and Tourism	(937)	-	-	(937)
Housing	-	(1,500)	-	(1,500)
Education	4,500	343	-	4,843

**Gross Loan Approvals by Country, Financing,  
CDB Cost Component and Channel - 2003  
(\$'000)**

Country	No. of Loan Projects	Estimated Project Cost	Financing			Channel		
			CDB	Local	Other Foreign	Public	Private Direct	Indirect
Antigua and Barbuda	1	2,200	2,200	-	-	2,200	-	-
Barbados	1	13,500	13,500	-	-	13,500	-	-
Belize	2	10,938	9,273	1,335	330	9,273	-	-
British Virgin Islands	1 a/	13,551	7,251	6,300	-	7,251	-	-
Dominica	3 a/	28,626	8,257	20,369	-	8,257	-	-
Grenada	2	7,443	6,622	821	-	6,622	-	-
Guyana	4 b/	151,213	56,815	44,485	49,913	56,815	-	-
Jamaica	1	28,700	28,700	-	-	28,700	-	-
St. Kitts and Nevis	3	17,166	14,760	2,406	-	9,760	-	5,000
St. Lucia	2	9,269	8,248	1,021	-	8,248	-	-
St. Vincent and the Grenadines	2	5,200	5,200	-	-	2,200	-	3,000
Trinidad and Tobago	1	31,600	31,600	-	-	31,600	-	-
<b>Total</b>	<b>23</b>	<b>319,406</b>	<b>192,426</b>	<b>76,737</b>	<b>50,243</b>	<b>184,426</b>	<b>-</b>	<b>8,000</b>
MDCs	7	225,013	130,615	44,485	49,913	130,615	-	-
LDCs	16	94,393	61,811	32,252	330	53,811	-	8,000

a/ Includes one additional loan.

b/ Includes one technical assistance loan.

### Gross Loan Approvals by Project and Loan Equivalent - 2003

(\$'000)

Project Name	Country	OCR		SDFU		OSF		Total
		Amt.	Loan Equiv.	Amt.	Loan Equiv.	Amt.	Loan Equiv.	
1. Caribbean Court of Justice	Antigua and Barbuda	2,200	1.00	-	-	-	-	2,200
2. Caribbean Court of Justice	Barbados	13,500	1.00	-	-	-	-	13,500
3. Caribbean Court of Justice	Belize	2,200	1.00	-	-	-	-	2,200
4. Social Investment Fund	Belize	3,656	0.52	3,417	0.48	-	-	7,073
5. Beef Island International Airport (Additional Loan)	British Virgin Islands	7,251	1.00	-	-	-	-	7,251
6. Caribbean Court of Justice	Dominica	2,200	1.00	-	-	-	-	2,200
7. Upgrading of Eco-tourism Sites (Additional Loan)	Dominica	1,743	0.57	1,314	0.43	-	-	3,057
8. Economic Stabilisation Loan	Dominica	-	-	-	-	3,000	1.00	3,000
9. Caribbean Court of Justice	Grenada	2,200	1.00	-	-	-	-	2,200
10. Economic Reconstruction Programme, Schools	Grenada	2,209	0.50	-	-	2,213	0.50	4,422
11. Caribbean Court of Justice	Guyana	4,400	0.50	-	-	4,400	0.50	8,800
12. Third Road Project	Guyana	9,102	0.48	10,000	0.52	-	-	19,102
13. Skeldon Sugar Modernisation Project	Guyana	14,240	0.50	13,990	0.50	-	-	28,230
14. Secondary Towns Development, Technical Assistance	Guyana	-	-	683	1.00	-	-	683
15. Caribbean Court of Justice	Jamaica	28,700	1.00	-	-	-	-	28,700
16. Caribbean Court of Justice	St. Kitts and Nevis	2,200	1.00	-	-	-	-	2,200
17. Fifth Student Loan	St. Kitts and Nevis	4,500	0.90	500	0.10	-	-	5,000
18. West Basseterre Bypass Road	St. Kitts and Nevis	7,560	1.00	-	-	-	-	7,560
19. Caribbean Court of Justice	St. Lucia	2,200	1.00	-	-	-	-	2,200
20. Economic Reconstruction Programme, Schools - Rehabilitation of Primary Schools and Health Centers	St. Lucia	2,543	0.42	-	-	3,505	0.58	6,048
21. Caribbean Court of Justice	St. Vincent and the Grenadines	2,200	1.00	-	-	-	-	2,200
22. Agricultural and Industrial Credit	St. Vincent and the Grenadines	3,000	1.00	-	-	-	-	3,000

**Gross Loan Approvals by Project and Loan Equivalent - 2003**  
 (\$'000)

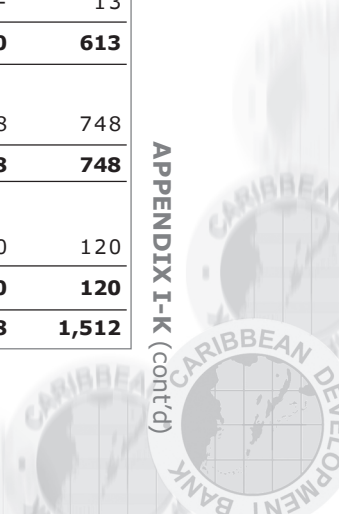
Project Name	Country	OCR		SDFU		OSF		Total
		Amt.	Loan Equiv.	Amt.	Loan Equiv.	Amt.	Loan Equiv.	
23. Caribbean Court of Justice	Trinidad and Tobago	31,600	1.00	-	-	-	-	31,600
<b>Total</b>	<b>Total</b>	<b>149,404</b>	<b>17.39</b>	<b>29,904</b>	<b>3.03</b>	<b>13,118</b>	<b>2.58</b>	<b>192,426</b>
Distribution by Country Groups								
MDCs		101,542	4.48	24,673	2.02	4,400	0.50	130,615
LDCs		47,862	12.91	5,231	1.01	8,718	2.08	61,811
Proportion of Lending by Fund Resources								
MDCs		0.68		0.83		0.34		0.68
LDCs		0.32		0.17		0.66		0.32
<b>Total</b>		<b>0.78</b>		<b>0.16</b>		<b>0.07</b>		<b>1.00</b>

**Cancellations of Loans and Grants, and Adjustments - 2003**  
**(\$000)**

Country	Project	Loan No.	OCR	SDF	OSF	Total
<b>LOAN CANCELLATIONS:</b>						
Anguilla	Hurricane Lenny - Immediate Response	7/SFR-AG	-	23	-	23
Antigua and Barbuda	Hurricane Georges - Emergency Restoration	22/SFR-AN	-	500	-	500
Cayman Islands	Agricultural and Industrial Credit	7/OR-CI	126	-	-	126
Dominica	Student Loan Scheme - 4th Loan	38/SFR-DO	-	69	-	69
	Student Loan Scheme - 5th Loan	43/SFR-DO	-	16	-	16
Grenada	Hurricane Lenny - Immediate Response	36/SFR-GR	-	4	-	4
Jamaica	Rural Electrification Project	8/SFR-JA	-	91	-	91
Montserrat	Student Loan Scheme - 2nd Loan	12/SFR-MO	-	72	-	72
St. Kitts and Nevis	Shelter Development	33/SFR-SK	-	1,629	-	1,629
	Expansion of Power System - TA	31/SFR-SK	-	2	-	2
St. Lucia	Hurricane Lenny - Immediate Response	49/SFR-SL	-	341	-	341
St. Vincent and the Grenadines	Hurricane Lenny - Immediate Response	56/SFR-SV	-	126	-	126
Trinidad and Tobago	Agricultural and Industrial Credit - 2nd Loan	14/OR-TT	4,747	-	-	4,747
<b>Total Loan Cancellations</b>			<b>4,873</b>	<b>2,873</b>	<b>-</b>	<b>7,746</b>
<b>GRANT CANCELLATIONS:</b>						
Antigua and Barbuda	Introduction of Transaction-based Tax		-	182	-	182
Belize	Emergency Relief - Hurricane Iris		-	53	-	53
Dominica	Public Sector Development Programme		-	2	-	2
	Revenue System Reform		-	114	-	114
Grenada	Development of a Hospital Management System		-	4	-	4
Jamaica	Emergency Relief, Severe Floods		-	4	-	4
	Emergency Works and Rehabilitation of Flood Damage		-	13	-	13
Montserrat	Institutional Strengthening of Development Unit		-	27	-	27
	Little Bay Town Centre Area Action Plan		-	8	-	8
St. Kitts and Nevis	Constitution Review		-	15	-	15
Regional	Pilot Project- Informal Science Education Methods		-	8	-	8
	Caribbean Countries		-	8	-	8
	Establishment of a Certification Programme for		-	18	-	18
	Caribbean Consultants		-	18	-	18
	Seminar for Eastern Caribbean on The Dangers of		-	1	-	1
	Dirty Money		-	1	-	1
	Seminar for Town and Country Planners, Land Use Mgt.		-	7	-	7
	Institutional Strengthening of Jamaica Maritime Institute		-	39	-	39
	Conference on Forward Together Civil Society		-	28	-	28
	Establishment of Scholars and Artistes in Resident		-	23	-	23
	Programme		-	23	-	23

**Cancellations of Loans and Grants, and Adjustments - 2003**  
**(\$000)**

<b>Country</b>	<b>Project</b>	<b>Loan No.</b>	<b>OCR</b>	<b>SDF</b>	<b>OSF</b>	<b>Total</b>
<b>GRANT CANCELLATIONS (CONT'D):</b>						
	Regional Data Processing Workshop for 2000 Census		-	9	-	9
	Caribbean Education Course on Diabetes		-	2	-	2
	PAPampo World Eco-tourism Conference		-	3	-	3
<b>Total Grant Cancellation</b>			<b>-</b>	<b>560</b>	<b>-</b>	<b>560</b>
<b>Total Cancellations</b>			<b>4,873</b>	<b>3,433</b>	<b>-</b>	<b>8,306</b>
<b>ADJUSTMENTS</b>						
<b>Additions to 2002 Grant Approvals</b>						
Regional	Workshop on Designing Effective Telecom Regulations for Small Countries		-	7	-	7
	2002 Teacher Training Workshops - Integrating Informal Information Technology into the Classroom		-	24	-	24
<b>Total 2002 Grant Adjustment</b>			<b>-</b>	<b>31</b>	<b>-</b>	<b>31</b>
<b>Additions to 2001 Grant Approvals</b>						
Regional	Establishment of a Conference and Workshop Facility		-	200	-	200
	Establishment of Caribbean Regional Technical Assistance Centre		-	300	-	300
	Training in Institutional and Organisational Assessment for CDB Staff		-	-	100	100
	OECS Seminar on Doing Business in Canada		-	13	-	13
<b>Total 2001 Grant Adjustment</b>			<b>-</b>	<b>513</b>	<b>100</b>	<b>613</b>
<b>Additions to 2000 Grant Approvals</b>						
Regional	Training Programme for the Disabled		-	-	748	748
<b>Total 2000 Grant Adjustment</b>			<b>-</b>	<b>-</b>	<b>748</b>	<b>748</b>
<b>Addition to 1995 Grant Approvals</b>						
Regional	Poverty Assessment		-	-	120	120
<b>Total 1995 Grant Adjustment</b>			<b>-</b>	<b>-</b>	<b>120</b>	<b>120</b>
<b>Grand Total</b>			<b>-</b>	<b>544</b>	<b>968</b>	<b>1,512</b>



## APPENDIX II-A

**Summary of Total Financing Approved (Net)  
Loans, Contingent Loans, Equity and Grants (1970 - 2003)**  
(\$'000)

<b>Items</b>	<b>1970-2002</b>	<b>2003</b>	<b>Total</b>
Loans	1,955,605	184,680	2,140,285
Contingent Loans	5,060	-	5,060
Equity	22,790	100	22,890
Grants	178,881	4,464	183,345
<b>Total</b>	<b>2,162,336</b>	<b>189,244</b>	<b>2,351,580</b>

## APPENDIX II-B

**Summary of Total Financing Approved (Net) by Sector  
Loans, Contingent Loans, Equity and Grants (1970-2003)**  
(\$'000)

<b>Sector</b>	<b>1970-2002</b>	<b>2003</b>	<b>Total</b>
Agriculture, Forestry and Fishing	124,709	86	124,795
Mining and Quarrying	35,897	-	35,897
Manufacturing	126,065	28,230	154,295
Tourism	67,165	3,049	70,214
Transportation and Communication and Sea Defence	487,684	33,913	521,597
Power, Energy and Water	161,087	(93)	160,994
Social Services	268,163	11,117	279,280
Multi-Sector and Other	417,333	111,472	528,805
Financing and Distribution	474,233	1,470	475,703
<b>Total</b>	<b>2,162,336</b>	<b>189,244</b>	<b>2,351,580</b>

**Summary of Distribution of Loans, Contingent Loans, Equity  
and Grants Approved (Net) by Sector and by Fund  
(1970-2003)  
(\$'000)**

Sector	Loans					Contingent Loans	Equity	Grants	Total Financing Approved
	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Other Special Funds	Total Loans				
Agriculture, Forestry and Fishing	34,603	-	62,985	20,163	<b>117,751</b>	594	1,442	5,008	<b>124,795</b>
Mining and Quarrying	31,220	-	3,173	436	<b>34,829</b>	759	-	309	<b>35,897</b>
Manufacturing	58,073	2,205	50,940	41,067	<b>152,285</b>	220	560	1,230	<b>154,295</b>
Tourism	51,421	4,725	10,322	-	<b>66,468</b>	304	1,091	2,351	<b>70,214</b>
Transportation and Communication	321,453	-	133,078	44,994	<b>499,525</b>	1,926	-	5,290	<b>506,741</b>
Sea Defence	1,901	-	9,955	3,000	<b>14,856</b>	-	-	-	<b>14,856</b>
Power, Energy and Water	73,585	3,248	69,618	9,255	<b>155,706</b>	834	-	4,454	<b>160,994</b>
Social Services	128,993	-	68,571	58,921	<b>256,485</b>	-	-	22,795	<b>279,280</b>
Multi-Sector and Other	212,144	-	148,761	6,250	<b>367,155</b>	423	19,350	141,877	<b>528,805</b>
Financing and Distribution	314,167	7,487	132,771	20,800	<b>475,225</b>	-	447	31	<b>475,703</b>
<b>Total</b>	<b>1,227,560</b>	<b>17,665</b>	<b>690,174</b>	<b>204,886</b>	<b>2,140,285</b>	<b>5,060</b>	<b>22,890</b>	<b>183,345</b>	<b>2,351,580</b>





**Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Fund**  
(1970 - 2003)  
(\$'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Agricul- tural Fund	Housing Funds	Counterpart Contribution Fund	Other Special Funds	Total	Percentage of Total	
Anguilla	10,631	-	11,223	-	-	-	1,240	23,094	1.0	
Antigua and Barbuda	19,917	-	13,945	905	657	32	4,533	39,989	1.7	
Bahamas	47,402	3,248	2,851	-	-	-	120	53,621	2.3	
Barbados	200,097	3,646	6,628	882	-	-	16,588	227,841	9.7	
Belize	93,422	750	88,842	8,162	2,062	512	6,109	199,859	8.5	
British Virgin Islands	42,011	-	15,902	997	-	-	1,603	60,513	2.6	
Cayman Islands	39,877	-	4,508	313	515	-	3,186	48,399	2.1	
Dominica	34,975	-	86,079	3,626	1,663	1,279	21,543	149,165	6.3	
Grenada	45,227	-	65,403	891	975	427	20,907	133,830	5.7	
Guyana	48,374	1,591	125,055	-	-	-	23,167	198,187	8.4	
Jamaica	241,352	5,896	84,228	-	962	-	37,110	369,548	15.7	
Montserrat	1,087	-	12,307	743	86	32	1,995	16,250	0.7	
St. Kitts and Nevis	63,889	259	62,703	59	285	358	12,932	140,485	6.0	
St. Lucia	115,386	677	86,115	3,849	-	617	32,734	239,378	10.2	
St. Vincent and the Grenadines	44,469	1,598	58,673	4,140	931	620	17,200	127,631	5.4	
Trinidad and Tobago	153,473	-	4,522	-	-	-	283	158,278	6.7	
Turks and Caicos Islands	8,641	-	12,881	-	-	-	388	21,910	0.9	
Regional :										
LDC Focus	-	-	26,281	189	-	-	18,761	45,231	1.9	
MDC Focus	7,330	-	6,370	-	-	-	10,434	24,134	1.0	
LDC/MDC	10,000	-	29,895	1,460	-	-	32,882	74,237	3.2	
<b>Total</b>	<b>1,227,560</b>	<b>17,665</b>	<b>804,411</b>	<b>26,216</b>	<b>8,136</b>	<b>3,877</b>	<b>263,715</b>	<b>2,351,580</b>		
<b>Percentage of Total</b>	<b>52.2</b>	<b>0.8</b>	<b>34.2</b>	<b>1.1</b>	<b>0.3</b>	<b>0.2</b>	<b>11.2</b>		<b>100.0</b>	
LDC	519,532	3,284	518,581	23,685	7,174	3,877	124,370	1,200,503	51.1	159,106
MDC	690,698	14,381	223,284	882	962	-	77,268	1,007,475	42.8	79,112
Regional	17,330	-	62,546	1,649	-	-	62,077	143,602	6.1	63,726

**Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net)  
by Sector and by Fund (1970 - 2003)  
(\$'000)**

<b>Sector</b>	<b>Ordinary Capital Resources</b>	<b>Venezuelan Trust Fund</b>	<b>Special Develop- ment Fund</b>	<b>Other Special Funds</b>	<b>Total</b>
<b>Total All Sectors</b>	<b>1,227,560</b>	<b>17,665</b>	<b>804,411</b>	<b>301,944</b>	<b>2,351,580</b>
<b>Agriculture, Forestry and Fishing</b>	<b>34,603</b>	-	<b>65,804</b>	<b>24,388</b>	<b>124,795</b>
Crop Farming	19,059	-	24,275	9,289	52,623
Agriculture (excluding Crop Farming)	4,214	-	266	3,182	7,662
Mixed Farming	-	-	8,580	-	8,580
Drainage and Irrigation	7,283	-	2,498	-	9,781
Fishing	-	-	2,444	992	3,436
Land Settlement and Rural Development	373	-	4,138	428	4,939
Forestry	-	-	348	-	348
Feeder Roads	3,674	-	23,255	10,497	37,426
<b>Mining and Quarrying</b>	<b>31,220</b>	-	<b>3,871</b>	<b>806</b>	<b>35,897</b>
Fossil Fuels	30,673	-	-	-	30,673
Metal Ores	547	-	31	-	578
Non-Metallic Minerals	-	-	3,840	806	4,646
<b>Manufacturing</b>	<b>58,073</b>	<b>2,205</b>	<b>51,791</b>	<b>42,226</b>	<b>154,295</b>
Food, Beverages and Tobacco	92	-	5,247	32,942	38,281
Sugar	29,974	1,500	17,752	2,628	51,854
Textile, Wearing Apparel and Leather Goods	-	259	250	53	562
Wood and Wood Products	4,498	-	499	79	5,076
Paper and Paper Products	3,651	-	-	10	3,661
Chemical and Chemical Products	-	446	11	18	475
Non-Metallic Mineral Products	3,009	-	73	130	3,212
Miscellaneous Manufacturing and Repairs	-	-	-	43	43
Industrial Estates	16,849	-	27,959	6,323	51,131
<b>Tourism</b>	<b>51,421</b>	<b>4,725</b>	<b>11,945</b>	<b>2,123</b>	<b>70,214</b>
Hotels and Lodging Places	28,997	4,725	244	1,220	35,186
Cruiseship Piers and Marinas	8,944	-	-	-	8,944
Integrated Tourism Facilities	10,120	-	8,257	78	18,455
Tourism Supporting Services	3,360	-	3,444	825	7,629
<b>Transportation, Communication and Sea</b>	<b>323,354</b>	-	<b>146,300</b>	<b>51,943</b>	<b>521,597</b>
Transport:					
Road Transport	192,518	-	66,647	17,242	276,407
Water Transport	23,716	-	41,563	19,713	84,992
Air Transport	96,969	-	27,778	11,882	136,629
Communication	8,250	-	357	106	8,713
Sea Defence	1,901	-	9,955	3,000	14,856
<b>Power, Energy and Water</b>	<b>73,585</b>	<b>3,248</b>	<b>70,825</b>	<b>13,336</b>	<b>160,994</b>
Power and Energy:					
Electric Power	30,905	-	30,782	2,404	64,091
Alternative Energy	-	-	500	3,060	3,560
Water Supply	42,680	3,248	39,543	7,872	93,343
<b>Social Services</b>	<b>128,993</b>	-	<b>80,638</b>	<b>69,649</b>	<b>279,280</b>
Housing	4,101	-	7,093	17,936	29,130
Health	23,253	-	20,355	12,119	55,727
Education	101,639	-	53,190	39,594	194,423

**Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net)  
by Sector and by Fund (1970 - 2003)**  
(\$'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Other Special Funds	Total
<b>Multi-Sector and Other</b>	<b>212,144</b>	-	<b>240,466</b>	<b>76,195</b>	<b>528,805</b>
Urban Development	35,241	-	780	5,528	41,549
Disaster Rehabilitation	47,524	-	76,894	2,049	126,467
Distributive Trade	-	-	52	2,957	3,009
Structural Adjustment Programme	-	-	46,751	3,000	49,751
Other	129,379	-	115,989	62,661	308,029
<b>Financing and Distribution</b>	<b>314,167</b>	<b>7,487</b>	<b>132,771</b>	<b>21,278</b>	<b>475,703</b>
Agriculture	112,567	4,760	25,848	12,967	156,142
Industry and Tourism	112,044	2,727	28,788	5,199	148,758
Micro and Small-Scale Enterprises	-	-	6,838	-	6,838
Housing	52,083	-	22,226	3,112	77,421
Education	37,473	-	49,071	-	86,544

**Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net)  
by Country and by Sector (1970 - 2003)**  
**(\$'000)**

Country	Directly Productive Sector					Economic Infrastructure & Other								Multi-Sector	Total
	Agri- culture, Forestry & Fishing	Manufac- turing	Tour- ism	Mining	Sub- Total	Power & Energy	Water	Trans- portation/ Communi- cation	Sea Defences	Housing	*Education	Health & Sani- tation	Sub- Total		
Anguilla	1,721	4,869	773	-	<b>7,363</b>	5,939	288	2,220	-	450	1,659	-	<b>10,556</b>	5,175	<b>23,094</b>
Antigua and Barbuda	3,528	6,730	1,833	-	<b>12,091</b>	272	-	3,501	-	3,485	14,685	-	<b>21,943</b>	5,955	<b>39,989</b>
Bahamas	10,052	10,816	2,187	-	<b>23,055</b>	-	15,248	14,705	-	-	-	37	<b>29,990</b>	576	<b>53,621</b>
Barbados	5,970	47,243	11,957	100	<b>65,270</b>	105	765	52,459	-	1,387	54,976	3,240	<b>112,932</b>	49,639	<b>227,841</b>
Belize	25,634	14,726	1,227	-	<b>41,587</b>	19,674	22,546	42,945	-	13,701	22,189	5,995	<b>127,050</b>	31,222	<b>199,859</b>
British Virgin Islands	4,509	5,770	349	-	<b>10,628</b>	4,537	-	37,880	-	4,000	2,791	-	<b>49,208</b>	677	<b>60,513</b>
Cayman Islands	1,309	1,499	6,283	388	<b>9,479</b>	-	2,775	23,091	-	5,515	460	7,000	<b>38,841</b>	79	<b>48,399</b>
Dominica	23,869	12,155	6,359	-	<b>42,383</b>	6,159	8,995	10,762	7,456	13,598	17,347	6,738	<b>71,055</b>	35,727	<b>149,165</b>
Grenada	16,528	7,691	4,298	450	<b>28,967</b>	158	2,472	50,965	-	5,099	12,048	5,550	<b>76,292</b>	28,571	<b>133,830</b>
Guyana	21,793	45,943	232	-	<b>67,968</b>	3,558	8,895	35,494	7,400	1,127	2,533	-	<b>59,007</b>	71,212	<b>198,187</b>
Jamaica	80,195	63,232	15,414	864	<b>159,705</b>	8,811	6,546	15,515	-	17,684	20,163	2,000	<b>70,719</b>	139,124	<b>369,548</b>
Montserrat	1,704	2,022	124	87	<b>3,937</b>	992	-	4,762	-	1,250	1,166	-	<b>8,170</b>	4,143	<b>16,250</b>
St. Kitts and Nevis	6,941	10,414	1,710	240	<b>19,305</b>	7,989	84	39,807	-	9,923	36,038	9,867	<b>103,708</b>	17,472	<b>140,485</b>
St. Lucia	26,216	26,653	14,081	62	<b>67,012</b>	1,417	19,110	52,209	-	19,119	44,760	8,506	<b>145,121</b>	27,245	<b>239,378</b>
St. Vincent and the Grenadines	16,145	18,296	363	2,896	<b>37,700</b>	6,727	2,717	41,804	-	3,589	15,559	5,480	<b>75,876</b>	14,055	<b>127,631</b>
Trinidad and Tobago	26,716	22,202	-	30,673	<b>79,591</b>	-	2,615	34,937	-	-	8,556	512	<b>46,620</b>	32,067	<b>158,278</b>
Turks and Caicos Islands	630	2,145	1,302	18	<b>4,095</b>	-	-	3,150	-	6,322	6,060	-	<b>15,532</b>	2,283	<b>21,910</b>
Regional :															
LDC Focus	1,010	1,354	448	119	<b>2,931</b>	677	104	25,201	-	205	678	335	<b>27,200</b>	15,100	<b>45,231</b>
MDC Focus	25	-	-	-	<b>25</b>	-	-	14,637	-	-	9,452	-	<b>24,089</b>	20	<b>24,134</b>
LDC/MDC Focus	6,899	5,674	1,274	-	<b>13,847</b>	636	183	697	-	97	9,847	467	<b>11,927</b>	48,463	<b>74,237</b>
<b>Total</b>	<b>281,394</b>	<b>309,434</b>	<b>70,214</b>	<b>35,897</b>	<b>696,939</b>	<b>67,651</b>	<b>93,343</b>	<b>506,741</b>	<b>14,856</b>	<b>106,551</b>	<b>280,967</b>	<b>55,727</b>	<b>1,125,836</b>	<b>528,805</b>	<b>2,351,580</b>
LDCs	128,734	112,970	38,702	4,141	284,547	53,864	58,987	313,096	7,456	86,051	174,762	49,136	743,352	172,604	1,200,503
MDCs	144,726	189,436	29,790	31,637	395,589	12,474	34,069	153,110	7,400	20,198	86,228	5,789	319,268	292,618	1,007,475
Regional	7,934	7,028	1,722	119	16,803	1,313	287	40,535	-	302	19,977	802	63,216	63,583	143,602

\*Education Section inclusive of Student Figures.

**Loans, Contingent Loans, Equity and Grants Approved (Net)  
by Country and by Year (1970 - 2003)  
(\$'000)**

<b>Country</b>	<b>1970-1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>Total</b>
Anguilla	12,112	-	2,993	-	7,933	17	24	15	<b>23,094</b>
Antigua and Barbuda	17,244	15,152	226	-	59	408	4,696	2,204	<b>39,989</b>
Bahamas	43,169	23	177	10,027	78	-	33	114	<b>53,621</b>
Barbados	97,335	869	54,213	22	37,727	9,127	15,021	13,527	<b>227,841</b>
Belize	107,216	22,275	13,487	18,140	19,311	4,020	5,837	9,573	<b>199,859</b>
British Virgin Islands	32,122	-	-	21,131	9	-	-	7,251	<b>60,513</b>
Cayman Islands	43,399	-	-	-	-	5,000	-	-	<b>48,399</b>
Dominica	85,035	14,026	7,502	39	17,032	7,565	9,408	8,558	<b>149,165</b>
Grenada	74,749	3,813	6,221	1,808	11,855	21,530	6,847	7,007	<b>133,830</b>
Guyana	126,563	21	5,691	515	439	7,531	417	57,010	<b>198,187</b>
Jamaica	195,269	659	26,422	17,354	41,567	14,269	45,189	28,819	<b>369,548</b>
Montserrat	14,957	3	4	161	11	1,082	10	22	<b>16,250</b>
St. Kitts and Nevis	73,707	7,064	4,020	6,068	3,772	26,128	4,828	14,898	<b>140,485</b>
St. Lucia	119,272	7,298	4,149	46,410	16,679	23,744	12,934	8,892	<b>239,378</b>
St. Vincent and the Grenadines	90,976	411	4,932	79	5,627	4,819	15,397	5,390	<b>127,631</b>
Trinidad and Tobago	76,279	5,006	25,455	6,341	12,555	-	1,026	31,616	<b>158,278</b>
Turks and Caicos Islands	11,264	5,763	88	-	4,058	735	-	2	<b>21,910</b>
Regional :									
LDC Focus	41,384	563	136	2,092	233	53	417	353	<b>45,231</b>
MDC Focus	24,134	-	-	-	-	-	-	-	<b>24,134</b>
LDC/MDC Focus	22,722	2,272	4,580	11,568	8,273	16,081	6,442	2,299	<b>74,237</b>
<b>Total</b>	<b>1,308,908</b>	<b>85,218</b>	<b>160,296</b>	<b>141,755</b>	<b>187,218</b>	<b>142,109</b>	<b>128,526</b>	<b>197,550</b>	<b>2,351,580</b>
LDCs	682,053	75,805	43,622	93,836	86,346	95,048	59,981	63,812	<b>1,200,503</b>
MDCs	538,615	6,578	111,958	34,259	92,366	30,927	61,686	131,086	<b>1,007,475</b>
Regional	88,240	2,835	4,716	13,660	8,506	16,134	6,859	2,652	<b>143,602</b>

Note: Cancellations are deducted in the years in which approvals were made.

**Summary of Loans, Contingent Loans, Equity and Grants Approved by Fund  
(1970 - 2003)  
(\$'000)**

<b>Fund Sources</b>	<b>1970-1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>Total</b>
<b>Gross Approvals</b>									
OCR (incl. Secondary Mortgage)	711,738	56,498	120,830	119,883	131,075	65,075	89,345	149,404	1,443,848
VTF	26,701	-	-	-	-	-	-	-	26,701
SDF	592,497	28,602	33,840	31,050	48,520	73,909	35,530	32,475	876,423
779,136									
Agricultural Fund	36,147	-	-	-	-	-	-	-	36,147
Housing Funds	9,741	-	-	-	-	-	-	-	9,741
Counterpart Contribution Fund	4,431	-	-	-	-	-	-	-	4,431
IDB-Global Line of Credit	19,112	-	3,320	4,250	6,500	-	-	5,718	38,900
IDB/CDB Funds	9,922	356	86	478	748	-	222	378	12,190
European Investment Bank Fund	-	625	-	-	894	-	-	-	1,519
Caribbean Development Facility	66,432	-	-	-	-	-	-	-	66,432
Technical Assistance Fund	5,762	-	-	-	-	-	-	-	5,762
Canadian Technical Cooperation	-	-	221	270	233	220	445	552	1,941
UK Special Trust Fund	5,338	-	-	-	-	-	-	-	5,338
UK Technical Cooperation Fund	120	-	-	-	120	-	-	646	886
Nigerian Loan	4,837	100	-	-	-	-	300	-	5,237
USAID-Basic Human Needs Fund	11,294	-	-	-	-	-	-	-	11,294
USAID-Caribbean Education Development	3,545	-	-	-	-	-	-	-	3,545
USAID-Employment Investment	10,294	225	250	-	100	-	-	-	10,869
USAID-Alternative Energy System	2,365	-	-	-	-	-	-	-	2,365
Basic Needs Trust Fund	26,200	-	-	-	-	-	-	-	26,200
European Development Fund	13,029	-	-	-	-	-	-	-	13,029
International Dev. Association	37,785	2,087	-	-	-	-	-	-	39,872
Private Sector Fund	-	-	3,000	10,000	-	3,000	3,000	100	19,100
Chineses Technical Cooperation	-	-	-	-	-	-	-	45	45
General Development Fund	-	738	172	58	-	-	-	7,815	8,783
German Technical Assistance	502	-	-	-	-	-	-	-	502
United Nations Dev. Programme	2,412	-	-	-	-	-	-	-	2,412
Disaster Management Facility	-	-	-	-	-	-	-	417	417
<b>Total</b>	<b>1,600,204</b>	<b>89,231</b>	<b>161,719</b>	<b>165,989</b>	<b>188,190</b>	<b>142,204</b>	<b>128,842</b>	<b>197,550</b>	<b>2,673,929</b>
<b>Withdrawals/Cancellations</b>									
OCR (incl. Secondary Mortgage)	115,563	30,922	24,608	13,543	1,016	15,897	10,602	4,873	217,024
VTF	9,036	-	-	-	-	-	-	-	9,036
SDF	46,473	3,073	5,399	118	1,429	5,583	2,415	3,433	67,923
Agricultural Fund	7,021	5	-	-	-	-	-	-	7,026
Housing Funds	1,605	-	-	-	-	-	-	-	1,605
Counterpart Contribution Fund	550	-	-	-	-	-	-	-	550
Caribbean Development Facility	905	-	-	-	-	-	-	-	905
USAID-Employment Investment	1,809	-	-	-	-	-	320	-	2,129
IDB/CDB Pre-Investment Fund	919	-	-	-	-	-	109	-	1,028
IDB-Global Line of Credit	7,878	-	-	-	-	-	-	-	7,878
Technical Assistance Fund	794	-	-	-	-	-	-	-	794
USAID-Alternative Energy System	101	-	-	-	-	-	-	-	101
International Dev. Association	2,225	-	3,200	-	-	696	168	-	6,289
Nigerian Loan	-	-	-	-	11	-	50	-	61
<b>Total</b>	<b>194,879</b>	<b>34,000</b>	<b>33,207</b>	<b>13,661</b>	<b>2,456</b>	<b>22,176</b>	<b>13,664</b>	<b>8,306</b>	<b>322,349</b>
<b>Net Approvals</b>	<b>1,405,325</b>	<b>55,231</b>	<b>128,512</b>	<b>152,328</b>	<b>185,734</b>	<b>120,028</b>	<b>115,178</b>	<b>189,244</b>	<b>2,351,580</b>
<b>Cumulative Net Approvals</b>	<b>1,405,325</b>	<b>1,460,556</b>	<b>1,589,068</b>	<b>1,741,396</b>	<b>1,927,130</b>	<b>2,047,158</b>	<b>2,162,336</b>	<b>2,351,580</b>	

**Distribution of Loans Approved (Net) by Country and by Fund  
(1970 - 2003)  
(\$'000)**

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Agricul- tural Fund	Housing Funds	Counterpart Contribution Fund	Other Special Funds	Total	Percentage of Total
Anguilla	5,611	-	7,908	-	-	-	500	14,019	0.9
Anguilla	10,631	-	10,680	-	-	-	500	21,811	1.0
Antigua and Barbuda	19,917	-	13,328	902	657	32	741	35,577	1.7
Bahamas	47,402	3,248	2,375	-	-	-	-	53,025	2.5
Barbados	200,097	3,646	5,442	882	-	-	15,689	225,756	10.5
Belize	93,422	750	80,165	6,720	2,062	512	1,278	184,909	8.6
British Virgin Islands	42,011	-	15,395	994	-	-	1,020	59,420	2.8
Cayman Islands	39,877	-	4,364	313	515	-	3,154	48,223	2.3
Dominica	34,975	-	79,544	3,505	1,663	1,279	14,185	135,151	6.3
Grenada	45,227	-	58,245	891	975	427	15,307	121,072	5.7
Guyana	48,374	1,591	103,768	-	-	-	22,800	176,533	8.2
Jamaica	241,352	5,896	80,554	-	962	-	36,228	364,992	17.1
Montserrat	1,087	-	8,902	743	86	32	197	11,047	0.5
St. Kitts and Nevis	63,889	259	57,175	59	285	358	8,100	130,125	6.1
St. Lucia	115,386	677	78,579	3,849	-	617	26,528	225,636	10.5
St. Vincent and the Grenadines	44,469	1,598	51,377	3,686	931	620	11,146	113,827	5.3
Trinidad and Tobago	153,473	-	4,265	-	-	-	-	157,738	7.4
Turks and Caicos Islands	8,641	-	10,222	-	-	-	-	18,863	0.9
Regional :									
LDC Focus	-	-	15,809	-	-	-	7,422	23,231	1.1
MDC Focus	7,330	-	5,544	-	-	-	10,434	23,308	1.1
MDC/LDC Focus	10,000	-	41	-	-	-	-	10,041	0.5
<b>Total</b>	<b>1,227,560</b>	<b>17,665</b>	<b>685,774</b>	<b>22,544</b>	<b>8,136</b>	<b>3,877</b>	<b>174,729</b>	<b>2,140,285</b>	
<b>Percentage of Total</b>	<b>57.4</b>	<b>0.8</b>	<b>32.0</b>	<b>1.1</b>	<b>0.4</b>	<b>0.2</b>	<b>8.2</b>		<b>100.0</b>
MDCs	690,698	14,381	196,404	882	962	-	74,717	978,044	45.7
LDCs	519,532	3,284	467,976	21,662	7,174	3,877	82,156	1,105,661	51.7
Regional	17,330	-	21,394	-	-	-	17,856	56,580	2.6

**Distribution of Loans Approved (Net)  
by Sector and Fund (1970 - 2003)**  
(\$'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Other Special Funds	Total
<b>Total All Sectors</b>	<b>1,227,560</b>	<b>17,665</b>	<b>685,774</b>	<b>209,286</b>	<b>2,140,285</b>
<b>Agriculture, Forestry and Fishing</b>	<b>34,603</b>	-	<b>62,985</b>	<b>20,163</b>	<b>117,751</b>
Crop Farming	19,059	-	22,528	7,174	48,761
Agriculture (excluding Crop Farming)	4,214	-	101	1,378	5,693
Mixed Farming	-	-	8,580	-	8,580
Fishing	-	-	2,222	814	3,036
Drainage and Irrigation	7,283	-	2,378	-	9,661
Land Settlement and Rural Development	373	-	4,138	398	4,909
Feeder Roads	3,674	-	23,038	10,399	37,111
<b>Mining and Quarrying</b>	<b>31,220</b>	-	<b>3,173</b>	<b>436</b>	<b>34,829</b>
Fossil Fuels	30,673	-	-	-	30,673
Metal Ores	547	-	-	-	547
Non-Metallic Minerals	-	-	3,173	436	3,609
<b>Manufacturing</b>	<b>58,073</b>	<b>2,205</b>	<b>50,940</b>	<b>41,067</b>	<b>152,285</b>
Food, Beverages and Tobacco	70	-	5,083	32,319	37,472
Sugar	29,996	1,500	17,532	2,553	51,581
Textile, Wearing Apparel and Leather Goods	-	259	-	2	261
Wood and Wood Products	4,498	-	450	-	4,948
Paper and Paper Products	3,651	-	-	-	3,651
Chemical and Chemical Products	-	446	-	-	446
Non-Metallic Mineral Products	3,009	-	-	-	3,009
Industrial Estates	16,849	-	27,875	6,193	50,917
<b>Tourism</b>	<b>51,421</b>	<b>4,725</b>	<b>10,322</b>	-	<b>66,468</b>
Hotels and Lodging Places	29,417	4,725	47	-	34,189
Cruiseship Piers and Marinas	8,944	-	-	-	8,944
Integrated Tourism Facilities	9,700	-	7,707	-	17,407
Tourism Supporting Services	3,360	-	2,568	-	5,928
<b>Transportation and Communication</b>	<b>323,355</b>	-	<b>143,033</b>	<b>47,994</b>	<b>514,382</b>
Transport:					
Main Roads and Bridges	192,519	-	66,130	17,180	275,829
Water Transport	23,716	-	40,050	19,147	82,913
Air Transport	96,969	-	26,857	8,667	132,493
Communication	8,250	-	41	-	8,291
Sea Defences	1,901	-	9,955	3,000	14,856
<b>Power, Energy and Water</b>	<b>73,585</b>	<b>3,248</b>	<b>69,618</b>	<b>9,255</b>	<b>155,706</b>
Power and Energy:					
Electric Power	30,905	-	30,250	1,984	63,139
Alternative Energy	-	-	460	-	460
Water Supply	42,680	3,248	38,908	7,271	92,107
<b>Social Services</b>	<b>128,993</b>	-	<b>68,571</b>	<b>58,921</b>	<b>256,485</b>
Housing	4,101	-	6,762	17,789	28,652
Health	23,253	-	18,930	11,813	53,996
Education	101,639	-	42,879	29,319	173,837



**Distribution of Loans Approved (Net)  
by Sector and Fund (1970 - 2003)**  
(\$'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Other Special Funds	Total
<b>Multi-Sector and Other</b>	<b>212,143</b>	-	<b>144,361</b>	<b>10,650</b>	<b>367,154</b>
Urban Development	35,240	-	683	-	35,923
Disaster Rehabilitation	47,524	-	75,705	1,000	124,229
Distributive Trade	-	-	-	2,250	2,250
Structural Adjustment Programme	-	-	45,000	3,000	48,000
Other	129,379	-	22,973	4,400	156,752
<b>Financing and Distribution</b>	<b>314,167</b>	<b>7,487</b>	<b>132,771</b>	<b>20,800</b>	<b>475,225</b>
Agriculture	112,567	4,760	25,848	12,744	155,919
Manufacturing	112,044	2,727	28,788	4,975	148,534
Micro and Small-Scale Enterprises	-	-	6,838	-	6,838
Housing	52,083	-	22,226	3,081	77,390
Education	37,473	-	49,071	-	86,544

**Distribution of Loans Approved (Net) by Country and by Sector  
(1970 - 2003)  
(\$'000)**

Country	Directly Productive Sector					Economic Infrastructure & Other								Multi-Sector	Total
	Agri-culture, Forestry & Fishing	Manufac-turing	Tour-ism	Mining	Total	Power & Energy	Water	Trans- portation/ Commu- nication	Sea Defences	Housing	Health & Sani- tation	Education*	Total		
Anguilla	1,721	4,869	683	-	<b>7,273</b>	5,816	288	2,220	-	450	-	1,500	<b>10,274</b>	4,264	<b>21,811</b>
Antigua and Barbuda	3,507	6,712	1,833	-	<b>12,052</b>	-	-	3,501	-	3,485	-	13,840	<b>20,826</b>	2,699	<b>35,577</b>
Bahamas	10,032	10,816	2,187	-	<b>23,035</b>	-	15,248	14,705	-	-	37	-	<b>29,990</b>	-	<b>53,025</b>
Barbados	5,800	47,114	11,510	100	<b>64,524</b>	-	765	52,188	-	1,387	3,225	54,926	<b>112,491</b>	48,741	<b>225,756</b>
Belize	23,932	14,720	948	-	<b>39,600</b>	19,320	22,435	42,668	-	13,701	5,591	21,368	<b>125,083</b>	20,226	<b>184,909</b>
British Virgin Islands	4,444	5,770	349	-	<b>10,563</b>	4,431	-	37,645	-	4,000	-	2,781	<b>48,857</b>	-	<b>59,420</b>
Cayman Islands	1,309	1,499	6,283	291	<b>9,382</b>	-	2,775	23,091	-	5,515	7,000	460	<b>38,841</b>	-	<b>48,223</b>
Dominica	23,594	12,088	6,231	-	<b>41,913</b>	5,720	8,907	10,395	7,456	13,578	6,520	15,542	<b>68,118</b>	25,120	<b>135,151</b>
Grenada	16,516	7,586	4,198	330	<b>28,630</b>	-	2,292	50,724	-	5,099	5,270	10,991	<b>74,376</b>	18,066	<b>121,072</b>
Guyana	21,403	45,870	113	-	<b>67,386</b>	3,342	8,801	35,494	7,400	1,127	-	1,500	<b>57,664</b>	51,483	<b>176,533</b>
Jamaica	79,813	63,115	14,789	547	<b>158,264</b>	8,537	6,479	15,515	-	17,684	2,000	19,989	<b>70,204</b>	136,524	<b>364,992</b>
Montserrat	1,704	2,022	-	-	<b>3,726</b>	679	-	4,533	-	1,250	-	859	<b>7,321</b>	-	<b>11,047</b>
St. Kitts and Nevis	6,782	10,191	1,668	123	<b>18,764</b>	7,851	-	39,170	-	9,797	9,867	35,225	<b>101,910</b>	9,451	<b>130,125</b>
St. Lucia	25,757	26,610	14,065	-	<b>66,432</b>	1,332	18,906	51,991	-	19,058	8,506	43,697	<b>143,490</b>	15,714	<b>225,636</b>
St. Vincent and the Grenadines	15,350	17,941	309	2,765	<b>36,365</b>	6,571	2,596	41,495	-	3,589	5,480	14,522	<b>74,253</b>	3,209	<b>113,827</b>
Trinidad and Tobago	26,700	22,173	-	30,673	<b>79,546</b>	-	2,615	34,937	-	-	500	8,540	<b>46,592</b>	31,600	<b>157,738</b>
Turks and Caicos Islands	930	1,845	1,302	-	<b>4,077</b>	-	-	2,460	-	6,322	-	5,946	<b>14,728</b>	58	<b>18,863</b>
Regional :															
LDC Focus	-	1,260	-	-	<b>1,260</b>	-	-	21,971	-	-	-	-	<b>21,971</b>	-	<b>23,231</b>
MDC Focus	-	-	-	-	-	-	-	14,613	-	-	-	8,695	<b>23,308</b>	-	<b>23,308</b>
MDC/LDC Focus	5,000	5,000	-	-	<b>10,000</b>	-	-	41	-	-	-	-	<b>41</b>	-	<b>10,041</b>
<b>Total</b>	<b>274,294</b>	<b>307,201</b>	<b>66,468</b>	<b>34,829</b>	<b>682,792</b>	<b>63,599</b>	<b>92,107</b>	<b>499,357</b>	<b>14,856</b>	<b>106,042</b>	<b>53,996</b>	<b>260,381</b>	<b>1,090,338</b>	<b>367,155</b>	<b>2,140,285</b>
MDCs	143,748	189,088	28,599	31,320	<b>392,755</b>	11,879	33,908	152,839	7,400	20,198	5,762	84,955	<b>316,941</b>	268,348	<b>978,044</b>
LDCs	125,546	111,853	37,869	3,509	<b>278,777</b>	51,720	58,199	309,893	7,456	85,844	48,234	166,731	<b>728,077</b>	98,807	<b>1,105,661</b>
Regional	5,000	6,260	-	-	<b>11,260</b>	-	-	36,625	-	-	-	8,695	<b>45,320</b>	-	<b>56,580</b>

\*Education section inclusive of student loan figures.

**Gross Loan Approvals by Country, Financing and Channel (1970 - 2003)**

	Estimated Project Cost	Financing			Channel		
		CDB	Local	Foreign	Other Public	Private Direct	Indirect
Anguilla	45,867	27,420	13,401	5,046	18,155	715	8,550
Antigua and Barbuda	51,343	40,072	10,883	388	29,700	1,445	8,927
Bahamas	211,098	91,136	97,503	22,459	62,736	5,400	23,000
Barbados	708,444	240,082	330,270	138,092	198,862	18,146	23,074
Belize	368,191	202,581	91,906	73,704	152,647	5,732	44,202
British Virgin Islands	149,953	70,887	55,243	23,823	54,705	-	16,182
Cayman Islands	108,014	57,226	50,788	-	47,625	944	8,657
Dominica	329,049	160,980	131,433	36,636	119,380	771	40,829
Grenada	184,325	126,963	39,173	18,189	103,392	4,473	19,098
Guyana	346,516	204,935	75,731	65,850	187,903	7,721	9,311
Jamaica	1,183,218	454,097	352,650	376,471	350,791	13,343	89,963
Montserrat	40,752	24,599	10,217	5,936	18,007	-	6,592
St. Kitts and Nevis	209,588	144,963	56,191	8,434	105,068	472	39,423
St. Lucia	463,365	259,863	141,330	62,172	184,155	5,237	70,471
St. Vincent and the Grenadines	217,745	134,500	63,983	19,262	116,631	295	17,574
Trinidad and Tobago	351,766	194,608	86,232	70,926	134,647	2,070	57,891
Turks and Caicos Islands	29,782	19,566	8,121	2,095	8,638	1,390	9,538
Regional	123,109	78,613	24,693	19,803	29,254	36,099	13,260
<b>Total</b>	<b>5,122,125</b>	<b>2,533,091</b>	<b>1,639,748</b>	<b>949,286</b>	<b>1,922,296</b>	<b>104,253</b>	<b>506,542</b>
<b>Distribution by Country Groups</b>							
MDCs	2,801,042	1,184,858	942,386	673,798	934,939	46,680	203,239
LDCs	2,197,974	1,269,620	672,669	255,685	958,103	21,474	290,043
Regional	123,109	78,613	24,693	19,803	29,254	36,099	13,260

**Disbursements of Loans, Contingent Loans, Equity and Grants  
by Country and by Fund (1970 - 2003)**  
**(\$'000)**

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Funds Resources	Total		
Anguilla	9,763	0	11,288	21,051		
Antigua and Barbuda	8,454	0	16,397	24,851		
Bahamas	46,191	1,658	2,917	50,766		
Barbados	116,156	1,868	22,850	140,874		
Belize	63,661	380	83,083	147,124		
British Virgin Islands	31,484	0	17,530	49,014		
Cayman Islands	40,364	0	7,872	48,236		
Dominica	21,007	0	100,700	121,707		
Grenada	28,285	0	73,137	101,422		
Guyana	18,409	848	102,528	121,785		
Jamaica	173,166	3,386	96,674	273,226		
Montserrat	3,245	0	10,249	13,494		
St. Kitts and Nevis	38,790	133	63,407	102,330		
St. Lucia	68,811	347	97,852	167,010		
St. Vincent and the Grenadines	25,644	823	75,227	101,694		
Trinidad and Tobago	110,777	0	3,981	114,758		
Turks and Caicos Islands	6,863	0	10,372	17,235		
Regional	14,582	0	100,336	114,918		
<b>Total</b>	<b>825,652</b>	<b>9,443</b>	<b>896,400</b>	<b>1,731,495</b>		
MDCs	464,699	7,760	228,950	701,409	40.5	25.5
LDCs	346,371	1,683	567,114	915,168	52.9	63.3
Regional	14,582	0	100,336	114,918	6.6	11.2

**Summary of Loans Approved by Fund  
(1970 - 2003)  
(\$'000)**

<b>Fund Sources</b>	<b>1970-1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>Total</b>
<b>Gross Approvals</b>									
OCR (incl. Secondary Mortgages)	711,738	56,498	120,830	119,883	131,075	65,075	89,345	149,404	1,443,848
VTF	26,701	-	-	-	-	-	-	-	26,701
SDF	526,283	25,575	29,698	26,135	44,049	38,161	29,761	29,904	749,566
Agricultural Fund	29,565	-	-	-	-	-	-	-	29,565
Housing Funds									
-Primary Market	6,616	-	-	-	-	-	-	-	6,616
-Secondary Market	3,125	-	-	-	-	-	-	-	3,125
Counterpart Contribution Fund	4,427	-	-	-	-	-	-	-	4,427
Consolidated Technical Assistance	5,356	-	-	-	-	-	-	-	5,356
IDB-Global Line of Credit	20,274	-	3,320	4,250	6,500	-	-	5,718	40,062
IDB/CDB Pre-Investment Fund	1,778	-	-	-	-	-	-	-	1,778
Caribbean Development Facility	66,326	-	-	-	-	-	-	-	66,326
Technical Assistance Fund	422	-	-	-	-	-	-	-	422
UK Special Trust Fund	5,338	-	-	-	-	-	-	-	5,338
Nigerian Loan	4,837	-	-	-	-	-	-	-	4,837
USAID-Basic Human Needs Fund	2,000	-	-	-	-	-	-	-	2,000
USAID-Employment Investment	10,105	63	125	-	-	-	-	-	10,293
European Development Fund	10,344	-	-	-	-	-	-	-	10,344
International Dev. Association	36,138	2,087	-	-	-	-	-	-	38,225
General Development Fund	-	-	-	-	-	-	-	7,400	7,400
<b>Total</b>	<b>1,471,373</b>	<b>84,223</b>	<b>153,973</b>	<b>150,268</b>	<b>181,624</b>	<b>103,236</b>	<b>119,106</b>	<b>192,426</b>	<b>2,456,229</b>
<b>Withdrawals/Cancellations</b>									
OCR (incl. Secondary Mortgages)	115,563	30,186	24,608	13,543	1,016	15,897	10,602	4,873	216,288
VTF	9,036	-	-	-	-	-	-	-	9,036
SDF	44,131	3,464	5,277	97	1,217	4,903	1,830	2,873	63,792
Agricultural Fund	7,021	-	-	-	-	-	-	-	7,021
Housing Funds									
-Primary Market	1,561	-	-	-	-	-	-	-	1,561
-Secondary Market	44	-	-	-	-	-	-	-	44
Counterpart Contribution Fund	550	-	-	-	-	-	-	-	550
Caribbean Development Facility	905	-	-	-	-	-	-	-	905
USAID-Employment Investment	1,809	-	-	-	-	-	187	-	1,996
IDB/CDB Pre-Investment Fund	439	-	-	-	-	-	-	-	439
IDB-Global Line of Credit	7,878	-	-	-	-	-	-	-	7,878
Technical Assistance Fund	84	-	-	-	-	-	-	-	84
International Dev. Association	2,225	-	3,200	-	-	696	168	-	6,289
Nigerian Loan	-	-	-	-	11	-	50	-	61
<b>Total</b>	<b>191,246</b>	<b>33,650</b>	<b>33,085</b>	<b>13,640</b>	<b>2,244</b>	<b>21,496</b>	<b>12,837</b>	<b>7,746</b>	<b>315,944</b>
<b>Net Approvals</b>	<b>1,280,127</b>	<b>50,573</b>	<b>120,888</b>	<b>136,628</b>	<b>179,380</b>	<b>81,740</b>	<b>106,269</b>	<b>184,680</b>	<b>2,140,285</b>
<b>Cumulative Net Approvals</b>	<b>1,280,127</b>	<b>1,330,700</b>	<b>1,451,588</b>	<b>1,588,216</b>	<b>1,767,596</b>	<b>1,849,336</b>	<b>1,955,605</b>	<b>2,140,285</b>	

**Contingent Loans Approved (Net) by Country and by Fund  
(1970 - 2003)  
(\$'000)**

Country	Special Development Fund	IDB/CDB Pre-Investment Fund	Technical Assistance Fund	Total
Anguilla	90	95	-	185
Antigua and Barbuda	4	-	-	4
Barbados	466	-	156	622
Belize	443	-	52	495
British Virgin Islands	-	164	50	214
Dominica	521	-	351	872
Grenada	241	-	120	361
Guyana	73	-	-	73
Jamaica	286	-	-	286
Montserrat	87	-	-	87
St. Kitts and Nevis	323	10	154	487
St. Lucia	60	-	50	110
St. Vincent and the Grenadines	301	-	131	432
Trinidad and Tobago	-	200	-	200
Turks and Caicos Islands	632	-	-	632
<b>Total</b>	<b>3,527</b>	<b>469</b>	<b>1,064</b>	<b>5,060</b>
MDCs	825	200	156	1,181
LDCs	2,702	269	908	3,879

APPENDIX II-O (2)

**Contingent Loans Approved (Net) by Fund and by Year  
(1970 - 2003)  
(\$'000)**

Fund	1970-1997	1998	1999	2000	2001	2002	2003	Total
Special Development Fund	3,719	-	-	-	(192)	-	-	3,527
IDB/CDB Pre-Investment Fund	469	-	-	-	-	-	-	469
Technical Assistance Fund	1,064	-	-	-	-	-	-	1,064
<b>Total</b>	<b>5,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(192)</b>	<b>-</b>	<b>-</b>	<b>5,060</b>

**Contingent Loans Approved (Net) by Sector and by Fund  
(1970 - 2003)  
(\$'000)**

Sector	Special Development Fund	IDB/CDB Pre- Investment Fund	Technical Assistance Fund	Total
<b>Total-All Sectors</b>	<b>3,527</b>	<b>469</b>	<b>1,064</b>	<b>5,060</b>
<b>Agriculture, Forestry and Fishing</b>	<b>434</b>	<b>10</b>	<b>150</b>	<b>594</b>
Crop Farming	181	10	52	243
Fishing	181	-	-	181
Feeder Roads	72	-	98	170
<b>Mining and Quarrying</b>	<b>508</b>	<b>-</b>	<b>251</b>	<b>759</b>
Non-Metallic Minerals	508	-	251	759
<b>Manufacturing</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>220</b>
Sugar	75	-	-	75
Textile, Wearing Apparel and Leather Goods	52	-	-	52
Non-Metallic Mineral Products	73	-	-	73
Industrial Estates	20	-	-	20
<b>Tourism</b>	<b>256</b>	<b>-</b>	<b>48</b>	<b>304</b>
Hotels and Lodging Places	45	-	48	93
Integrated Tourism Facilities	125	-	-	125
Tourism Supporting Services	86	-	-	86
<b>Transportation and Communication</b>	<b>1,724</b>	<b>164</b>	<b>38</b>	<b>1,926</b>
Transport:				
Road Transport	294	-	38	332
Water Transport	1,051	164	-	1,215
Air Transport	379	-	-	379
<b>Power, Energy and Water</b>	<b>318</b>	<b>95</b>	<b>421</b>	<b>834</b>
Power and Energy:				
Electric Power	107	95	156	358
Alternative Energy	40	-	237	277
Water Supply	171	-	28	199
<b>Multi-Sector and Other</b>	<b>67</b>	<b>200</b>	<b>156</b>	<b>423</b>
Multi-Sector				
Urban Development	67	-	156	223
Other	-	200	-	200

**Contingent Loans Approved (Net) by Country and by Year  
(1970 - 2003)  
(\$'000)**

<b>Country</b>	<b>1970-1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>Total</b>
Anguilla	185	-	-	-	-	-	-	185
Antigua and Barbuda	4	-	-	-	-	-	-	4
Barbados	622	-	-	-	-	-	-	622
Belize	495	-	-	-	-	-	-	495
British Virgin Islands	214	-	-	-	-	-	-	214
Dominica	872	-	-	-	-	-	-	872
Grenada	553	-	-	-	(192)	-	-	361
Guyana	73	-	-	-	-	-	-	73
Jamaica	286	-	-	-	-	-	-	286
Montserrat	87	-	-	-	-	-	-	87
St. Kitts and Nevis	487	-	-	-	-	-	-	487
St. Lucia	110	-	-	-	-	-	-	110
St. Vincent and the Grenadines	432	-	-	-	-	-	-	432
Trinidad and Tobago	200	-	-	-	-	-	-	200
Turks and Caicos Islands	632	-	-	-	-	-	-	632
<b>Total</b>	<b>5,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(192)</b>	<b>-</b>	<b>-</b>	<b>5,060</b>
MDCs	1,181	-	-	-	-	-	-	1,181
LDCs	4,071	-	-	-	(192)	-	-	3,879



**Equity Approved (Net) by Country (1970 - 2003)**  
**(\$'000)**

Country	Other Special Funds				Sector				Total
	European Invest-ment Bank	Special Develop-ment Fund	Agri-cultural Fund	Private Sector Fund	Agri-culture	Industry	Tourism	Multi-Sector	
<b>Barbados</b> 2000	447	-	-	-	-	-	447	-	<b>447</b>
<b>Sub-Total</b>	<b>447</b>	-	-	-	-	-	<b>447</b>	-	<b>447</b>
<b>Belize</b> 1977 1982	- -	- -	650 792	- -	650 792	- -	- -	- -	650 792
<b>Sub-Total</b>	-	-	<b>1,442</b>	-	<b>1,442</b>	-	-	-	<b>1,442</b>
<b>Jamaica</b> 1997	625	-	-	-	-	-	625	-	625
<b>Sub-Total</b>	<b>625</b>	-	-	-	-	-	<b>625</b>	-	<b>625</b>
<b>St. Kitts and Nevis</b> 1978 1980	- -	155 34	- -	- -	- -	155 34	- -	- -	155 34
<b>Sub-Total</b>	-	<b>189</b>	-	-	-	<b>189</b>	-	-	<b>189</b>
<b>St. Vincent and the Grenadines</b> 1977 1979	- -	19 -	102 269	- -	- -	102 269	19 -	- -	121 269
<b>Sub-Total</b>	-	<b>19</b>	<b>371</b>	-	-	<b>371</b>	<b>19</b>	-	<b>390</b>
<b>Regional</b> 1994 1998 1999 2000 2001 2002 2003	- - - 447 - - -	- - - - - - -	250 - - - - - -	- 3,000 10,000 - 3,000 3,000 100	- - - 223 - - -	- - - 224 - - -	- - - - - - -	250 3,000 10,000 - 3,000 3,000 100	250 3,000 10,000 447 3,000 3,000 100
<b>Sub-Total</b>	<b>447</b>	-	<b>250</b>	<b>19,100</b>	<b>223</b>	<b>224</b>	-	<b>19,350</b>	<b>19,797</b>
<b>Grand Total</b>	<b>1,519</b>	<b>208</b>	<b>2,063</b>	<b>19,100</b>	<b>1,665</b>	<b>784</b>	<b>1,091</b>	<b>19,350</b>	<b>22,890</b>

**Grants Approved (Net) by Country and by Fund  
(1970 - 2003)  
(\$'000)**

Country	Special Development Fund	Agricultural Fund	Technical Assistance Fund	Other Special Funds	Total	Loan	Equity	Contingent Loan	Total
Anguilla	453	-	60	585	1,098	21,811	0	185	23,094
Antigua and Barbuda	613	3	64	3,728	4,408	35,577	0	4	39,989
Bahamas	476	-	20	100	596	53,025	0	0	53,621
Barbados	720	-	112	184	1,016	225,756	447	622	227,841
Belize	8,234	-	166	4,613	13,013	184,909	1,442	495	199,859
British Virgin Islands	507	3	52	317	879	59,420	0	214	60,513
Cayman Islands	144	-	-	32	176	48,223	0	0	48,399
Dominica	6,014	121	227	6,780	13,142	135,151	0	872	149,165
Grenada	6,917	-	208	5,272	12,397	121,072	0	361	133,830
Guyana	21,214	-	1	366	21,581	176,533	0	73	198,187
Jamaica	3,388	-	-	257	3,645	364,992	625	286	369,548
Montserrat	3,318	-	19	1,779	5,116	11,047	0	87	16,250
St. Kitts and Nevis	5,016	-	239	4,429	9,684	130,125	189	487	140,485
St. Lucia	7,476	-	247	5,909	13,632	225,636	0	110	239,378
St. Vincent and the Grenadines	6,976	83	291	5,632	12,982	113,827	390	432	127,631
Trinidad and Tobago	257	-	-	83	340	157,738	0	200	158,278
Turks and Caicos Islands	2,027	-	77	311	2,415	18,863	0	632	21,910
Regional:									0
LDC Focus	10,472	189	416	10,823	21,900	23,231			45,131
MDC Focus	826	-	-	-	826	23,308			24,134
LDC/MDC Focus	29,854	1,210	659	12,776	44,499	10,041	19,797		74,337
<b>Total</b>	<b>114,902</b>	<b>1,609</b>	<b>2,858</b>	<b>63,976</b>	<b>183,345</b>	<b>2,140,285</b>	<b>22,890</b>	<b>5,060</b>	<b>2,351,580</b>
MDCs	26,055	-	133	990	27,178	978,044	1,072	1,181	1,007,475
LDCs	47,695	210	1,650	39,387	88,942	1,105,661	2,021	3,879	1,200,503
Regional	41,152	1,399	1,075	23,599	67,225	56,580	19,797	0	143,602



**Grants Approved (Net) by Fund and by Year  
(1970 - 2003)  
(\$'000)**

<b>Fund</b>	<b>1970-1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>Total</b>
Technical Assistance Fund	2,858	-	-	-	-	-	-	2,858
Technical Assistance Fund	2,858	-	-	-	-	-	-	2,858
Special Development Fund	59,274	4,020	4,894	4,259	35,260	5,184	2,011	114,902
Agricultural Fund	1,609	-	-	-	-	-	-	1,609
Consolidated Technical Assistance Fund	-	172	58	-	-	-	-	230
USAID -								
Basic Human Needs Fund	9,294	-	-	-	-	-	-	9,294
Caribbean Education Development Fund	3,545	-	-	-	-	-	-	3,545
Employment Investment Promotion -								
Technical Assistance	2,046	125	-	100	-	(133)	-	2,138
Technology Research Assistance	964	-	-	-	-	-	-	964
Alternative Energy Systems Fund	2,264	-	-	-	-	-	-	2,264
Nigerian Fund	100	-	-	-	-	-	-	100
Basic Needs Trust Fund	26,200	-	-	-	-	-	-	26,200
UK Technical Cooperation Fund	240	-	-	-	-	300	646	1,186
IDB/CDB Technical Cooperation Fund	390	-	-	748	-	-	-	1,138
Canadian Technical Cooperation Fund	738	221	270	233	220	445	552	2,679
German Technical Assistance Fund	701	-	-	-	-	-	-	701
IDB/CDB Pre-Investment Fund	6,508	86	478	-	-	113	378	7,563
United Nations Development Programme	2,412	-	-	-	-	-	-	2,412
European Development Fund	2,685	-	-	-	-	-	-	2,685
General Development Fund	-	-	-	-	-	-	415	415
Disaster Mitigation Facility	-	-	-	-	-	-	417	417
Chinese Technical Cooperation Fund	-	-	-	-	-	-	45	45
<b>Total</b>	<b>121,828</b>	<b>4,624</b>	<b>5,700</b>	<b>5,340</b>	<b>35,480</b>	<b>5,909</b>	<b>4,464</b>	<b>183,345</b>

**Grants Approved (Net) by Sector and by Fund  
(1970 - 2003)  
(\$'000)**

<b>Sector</b>	<b>Special Development Fund</b>	<b>Agri- cultural Fund</b>	<b>Technical Assistance Fund</b>	<b>Other Special Funds</b>	<b>Total</b>
<b>Total - All Sectors</b>	<b>114,902</b>	<b>1,609</b>	<b>2,858</b>	<b>63,976</b>	<b>183,345</b>
<b>Agriculture, Forestry and Fishing</b>	<b>2,385</b>	<b>823</b>	<b>515</b>	<b>1,285</b>	<b>5,008</b>
Crop Farming	1,566	657	355	1,041	3,619
Agriculture (excl. crop farming)	165	133	28	201	527
Fishing	41	3	132	43	219
Drainage and Irrigation	120	-	-	-	120
Land Settlement and Rural Development	-	30	-	-	30
Forestry	348	-	-	-	348
Feeder Roads	145	-	-	-	145
<b>Mining and Quarrying</b>	<b>190</b>	<b>-</b>	<b>-</b>	<b>119</b>	<b>309</b>
Metal Ores	31	-	-	-	31
Non-Metallic Minerals	159	-	-	119	278
<b>Manufacturing</b>	<b>442</b>	<b>52</b>	<b>264</b>	<b>472</b>	<b>1,230</b>
Food (excluding sugar)	164	9	-	243	416
Sugar	145	-	75	-	220
Textile, Wearing Apparel and Leather Goods	9	-	-	51	60
Wood and Wood Products	49	-	10	69	128
Paper and Paper Products	-	-	-	10	10
Chemicals and Chemical Products	11	-	-	18	29
Non-Metallic Mineral Products	-	-	49	81	130
Miscellaneous Manufacturing and Repairs	-	43	-	-	43
Industrial Estates	64	-	130	-	194
<b>Tourism</b>	<b>1,348</b>	<b>-</b>	<b>45</b>	<b>958</b>	<b>2,351</b>
Hotels and Lodging Places	133	-	-	100	233
Integrated Tourism Facilities	159	-	-	78	237
Tourism Supporting Services	1,056	-	45	780	1,881
<b>Transportation and Communication</b>	<b>1,543</b>	<b>100</b>	<b>406</b>	<b>3,241</b>	<b>5,290</b>
Transport:					
Main Roads and Bridges	223	-	-	24	247
Water Transport	462	75	327	-	864
Air Transport	542	-	79	3,136	3,757
Communication	316	25	-	81	422
<b>Power, Energy and Water</b>	<b>889</b>	<b>40</b>	<b>367</b>	<b>3,158</b>	<b>4,454</b>
Power and Energy:					
Electric Power	425	40	81	48	594
Alternative Energy	-	-	-	2,823	2,823
Water Supply	464	-	286	287	1,037
<b>Social Services</b>	<b>12,067</b>	<b>109</b>	<b>508</b>	<b>10,111</b>	<b>22,795</b>
Housing	331	-	77	70	478
Health	1,425	-	10	296	1,731
Education	10,311	109	421	9,745	20,586
<b>Multi-Sector and Other</b>	<b>96,038</b>	<b>485</b>	<b>722</b>	<b>44,632</b>	<b>141,877</b>
Urban Development	30	-	-	5,372	5,402
Disaster Rehabilitation	1,189	-	-	1,049	2,238
Distributive Trade	52	14	208	485	759
Structural Adjustment Programme	1,751	-	-	-	1,751
Other	93,016	471	514	37,726	131,727
<b>Financing and Distribution</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>31</b>
Housing	-	-	31	-	31

**Grants Approved (Net) by Country and by Year  
(1970 - 2003)  
(\$'000)**

<b>Country</b>	<b>1970-1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>Total</b>
Anguilla	994	12	-	36	17	24	15	1,098
Antigua and Barbuda	4,197	129	-	59	13	188	(178)	4,408
Bahamas	167	177	27	78	-	33	114	596
Barbados	857	23	22	49	17	21	27	1,016
Belize	8,705	307	144	179	3,375	56	247	13,013
British Virgin Islands	870	-	-	9	-	-	-	879
Cayman Islands	176	-	-	-	-	-	-	176
Dominica	10,591	23	40	42	2,132	129	185	13,142
Grenada	8,967	271	188	548	1,898	144	381	12,397
Guyana	13,000	597	515	434	6,423	417	195	21,581
Jamaica	1,363	368	326	354	41	1,091	102	3,645
Montserrat	3,826	4	196	11	1,082	10	(13)	5,116
St. Kitts and Nevis	7,943	205	111	98	1,139	65	123	9,684
St. Lucia	9,408	324	174	190	2,767	125	644	13,632
St. Vincent and the Grenadines	9,369	250	97	204	2,756	116	190	12,982
Trinidad and Tobago	257	18	8	15	-	26	16	340
Turks and Caicos Islands	1,590	88	-	-	735	-	2	2,415
Regional:								
LDC Focus	18,697	100	2,132	418	87	248	218	21,900
MDC Focus	954	-	-	(128)	-	-	-	826
LDC/MDC Focus	19,897	1,728	1,720	2,744	12,998	3,216	2,196	44,499
<b>Total</b>	<b>121,828</b>	<b>4,624</b>	<b>5,700</b>	<b>5,340</b>	<b>35,480</b>	<b>5,909</b>	<b>4,464</b>	<b>183,345</b>
MDCs	15,644	1,183	898	930	6,481	1,588	454	27,178
LDCs	66,636	1,613	950	1,376	15,914	857	1,596	88,942
Regional	39,548	1,828	3,852	3,034	13,085	3,464	2,414	67,225

**Capital Loans**  
**Withdrawn/Not Taken up or Transferred During Each Year**  
**(1970 - 2003)**  
**(\$'000)**

<b>Year Withdrawn</b>	<b>Ordinary Capital Resources</b>	<b>Venezuelan Trust Fund</b>	<b>Special Development Fund</b>	<b>Other Special Funds</b>	<b>Total</b>
1970-1997	145,749	9,036	47,595	22,516	224,896
1998	24,608	-	5,277	3,200	33,085
1999	13,543	-	97	-	13,640
2000	1,016	-	1,217	11	2,244
2001	15,897	-	4,903	696	21,496
2002	10,602	-	1,830	405	12,837
2003	4,873	-	2,873	-	7,746
<b>Total</b>	<b>216,288</b>	<b>9,036</b>	<b>63,792</b>	<b>26,828</b>	<b>315,944</b>

## APPENDIX II-R (2)

**Contingent Loans**  
**Withdrawn/Not Taken up or Transferred During Each Year**  
**(1970 - 2003)**  
**(\$'000)**

	<b>Special Development Fund</b>	<b>Other Special Funds</b>	<b>Total</b>
1970-1997	368	357	725
1998	-	-	-
1999	-	-	-
2000	-	-	-
2001	192	-	192
2002	-	-	-
2003	-	-	-
<b>Total</b>	<b>560</b>	<b>357</b>	<b>917</b>

## APPENDIX II-R (3)

**Grants**  
**Withdrawn/Not Taken up or Transferred During Each Year**  
**(1970 - 2003)**  
**(\$'000)**

<b>Year Withdrawn</b>	<b>Special Development Fund</b>	<b>Technical Assistance Fund</b>	<b>Other Special Funds</b>	<b>Total</b>
1970-1997	2,319	361	578	3,258
1998	122	-	-	122
1999	21	-	-	21
2000	212	-	-	212
2001	488	-	-	488
2002	585	-	242	827
2003	560	-	-	560
<b>Total</b>	<b>4,307</b>	<b>361</b>	<b>820</b>	<b>5,488</b>

## APPENDIX III

**Administrative Budget for the Year Ending December 31, 2003**  
**(With Revised 2003 Budget and Comparison 2002)**  
**(\$'000)**

Item	Actuals			Estimate		
	2001	2002	2003	Original 2003	Revised 2003	Budget 2004
<b>Operational Expenses</b>	<b>15,167</b>	<b>14,834</b>	<b>15,939</b>	<b>16,975</b>	<b>17,326</b>	<b>19,449</b>
Board of Governors	198	233	158	226	167	190
Board of Directors	123	124	119	175	141	162
Staff	9,112	8,672	9,448	10,509	10,845	12,012
Recruitment & Relocation	210	90	218	407	405	270
Travel	619	589	423	654	541	910
Other Operational & Admin. Expenses						
(a) Communication	396	391	405	392	394	386
(b) Utilities & Office Maintenance	682	630	795	650	653	653
(c) Supplies & Printing	169	150	242	209	218	391
(d) Contract Services	752	941	1,273	777	811	974
(e) Computer Service	612	587	553	566	605	689
(f) Depreciation	1,640	1,798	1,617	1,627	1,695	1,755
(g) Other Overhead Expenses	654	629	688	783	851	1,057
<b>Technical Assistance Expenses</b>	<b>2,364</b>	<b>2,261</b>	<b>2,680</b>	<b>2,680</b>	<b>2,680</b>	<b>2,500</b>
Staff Expenses	2,068	2,005	2,349	2,349	2,349	2,250
Travel	242	229	281	281	281	200
Other Expenses	54	27	50	50	50	50
Total Administrative Expenses	17,531	17,095	18,619	19,655	20,006	21,949
Less: Technical Assistance Recoverables	(2,364)	(2,261)	(2,680)	(2,680)	(2,680)	(2,500)
Less: Other Recoverables	(8,582)	(8,480)	(9,168)	(9,744)	(9,356)	(10,669)
Net Administrative Expenses	6,585	6,354	6,771	7,231	7,970	8,780
Income:						
From Loans	30,859	28,024	29,521	28,400	29,300	36,660
From Investments	6,793	4,169	3,015	4,800	4,240	5,150
Other	165	135	2,132	100	1,500	100
Exchange Gain/(Loss)	570	1,261	942	0	(480)	0
<b>Total</b>	<b>38,387</b>	<b>33,589</b>	<b>35,610</b>	<b>33,300</b>	<b>34,560</b>	<b>41,910</b>
Deduct:						
Interest and Commitment Fee on Borrowings and Service Fee on Mortgages	12,125	11,607	8,849	11,300	7,850	11,960
Net Trading Expense	6,818	(11,553)	(1,951)	-	-	-
Provision for Losses	24	-	-	-	-	-
<b>Total</b>	<b>18,967</b>	<b>54</b>	<b>6,898</b>	<b>11,300</b>	<b>7,850</b>	<b>11,960</b>
Net Income on Loans and Investments	19,420	33,535	28,712	22,000	26,710	29,950
Net Administrative Expenses	(6,585)	(6,354)	(6,771)	(7,231)	(7,970)	(8,780)
<b>Surplus</b>	<b>12,835</b>	<b>27,181</b>	<b>21,941</b>	<b>14,769</b>	<b>18,740</b>	<b>21,170</b>

**RESOLUTIONS OF THE BOARD OF GOVERNORS DURING 2003**

No.	Subject	Date of Adoption
1/03	Audited Financial Statements and Reports of the Independent Accountants	May 14, 2003
2/03	Allocation of Net Income	May 14, 2003
3/03	Expenses of Governors and Alternates Attending Meetings of the Board of Governors	May 14, 2003
4/03	Admission of Haiti to Membership in the Bank	May 14, 2003
5/03	Increase in the Authorised Capital Stock of the Bank	May 14, 2003
6/03	Place and Date of Thirty-Fourth (2004) Annual Meeting	May 14, 2003
7/03	Election of Officers of the Board of Governors	May 14, 2003
8/03	Appreciation	May 15, 2003



## DEPOSITORIES AND CHANNELS OF COMMUNICATION

COUNTRY	DEPOSITORY	CHANNEL
Anguilla	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary, Finance Office of the Permanent Secretary Ministry of Finance P.O. Box 60 The Valley Anguilla
Antigua and Barbuda	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary Ministry of External Affairs and Defence St. John's Antigua and Barbuda
The Bahamas	Central Bank of The Bahamas P.O. Box N-4868 Nassau The Bahamas	Financial Secretary Ministry of Finance and Planning P.O. Box N 3017 Nassau The Bahamas
Barbados	Central Bank of Barbados P.O. Box 1016 Bridgetown Barbados	Director of Finance and Economic Affairs Ministry of Finance Government Headquarters Bay Street, St. Michael Barbados
Belize	Central Bank of Belize P.O. Box 852 Belize City Belize	Permanent Secretary Ministry of National Development P.O. Box 42, Administrative Belmopan Building Belize
British Virgin Islands	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Ministry of Finance Central Administration Building Road Town Tortola British Virgin Islands
Canada	234 Wellington Street Ottawa Canada	President Canadian International Development Agency 200 Promenade du Portage Hull, Quebec K1A 0G4 Canada
Cayman Islands	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Office of the Financial Secretary Portfolio of Finance and Economic Development Government Administration Building George Town, Grand Cayman Cayman Islands

\* Eastern Caribbean Central Bank

COUNTRY	DEPOSITORY	CHANNEL
Colombia	Banco de la Republica Carrera 7a, Numero 14-18 Oficina Principal Bogota Colombia	General Manager Carrera 7a, Numero 14-18 Oficina Principal Bogota Colombia
Dominica	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Ministry of Finance, Industry and Planning Government Headquarters Kennedy Avenue Roseau Dominica
Germany	Deutsche Bundesbank P.O.Box 10 06 02 Wilhelm-Epstein Strasse 14 Postfach 12 03 22 Deutschland	Bundesministerium fur Wirtschaftliche, Zusammenarbeit Und Entwicklung Referat 402 D-53045 Bonn Germany
Grenada	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary Ministry of Finance St. George's Grenada
Guyana	Bank of Guyana Avenue of the Republic Georgetown Guyana	Secretary to the Treasury Ministry of Finance P.O. Box 1073 Georgetown Guyana
Italy	Bank of Italy Casella Postale 2484 00100 Rome Italy	Ministry of the Economy and Finance Rome Via xx settembre Italy
Jamaica	Bank of Jamaica P.O. Box 621 Kingston Jamaica	Financial Secretary Ministry of Finance and Planning 30 National Heroes Circle Kingston 4 Jamaica
Mexico	Banco de Mexico, S.A. Subgerencia de Control De Operaciones Area Internacional Edificio Guardiola, 2 Piso 0659 Mexico, D.F. Mexico	Director General of International Affairs Secretariat of Finance and Public Credit Plaza de las Constitución No.1 Palacio Nacional Cuarto Piso, Oficina 4037 Col. Centro, CP 06000 Mexico, D.F. Mexico

\* Eastern Caribbean Central Bank

## APPENDIX V

<b>COUNTRY</b>	<b>DEPOSITORY</b>	<b>CHANNEL</b>
Montserrat	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Ministry of Finance, Economic Development and Trade Government Headquarters Brades Montserrat
People's Republic of China	International Department People's Bank of China 32 Cheng Fang Street West District Beijing 100800 China	CDB Desk Economist Division for International Financial Institutions International Department People's Bank of China 32 Cheng Fang Street West District Beijing 100800 China
St. Kitts and Nevis	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director Planning Unit of St. Kitts P.O. Box 186 Basseterre St. Kitts and Nevis
St. Lucia	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director of Finance Ministry of Finance and Economic Affairs Treasury Building Castries St. Lucia
St. Vincent and the Grenadines	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director of Finance and Planning Ministry of Finance P.O. Box 608 Kingstown St. Vincent and the Grenadines
Trinidad and Tobago	Central Bank of Trinidad and Tobago P.O. Box 1250 Port-of-Spain Trinidad and Tobago	Permanent Secretary Ministry of Finance Eric Williams Finance Building Eric Williams Plaza Independence Square Port-of-Spain Trinidad and Tobago
Turks and Caicos Islands	First Caribbean Int'l. Bank Main Branch Grand Turk Turks and Caicos Islands	Permanent Secretary/Finance Ministry of Finance Front Street Grand Turk Turks and Caicos Islands

\* Eastern Caribbean Central Bank

**COUNTRY**

**DEPOSITORY**

**CHANNEL**

United Kingdom

Bank of England  
Threadneedle Street  
London EC2R 8AH  
England

Department for International  
Development,  
94 Victoria Street  
London SW1E 5JL  
England

Venezuela

Banco Central de Venezuela  
Esquina de Carmelitas  
Caracas 105  
Venezuela

President  
Venezuelan Economic and Social  
Development Bank  
Avenida Universidad  
Traposos a Colón  
Torre BANDES, Piso 7  
Caracas 1010  
Venezuela